THE SCONE REPORT: BUILDING OUR ECONOMIC FUTURE

LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

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The SCONE Report:

Building Our Economic Future

October, 1989

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October, 1989

Honourable Red Pedersen
Speaker
Legislative Assembly of the Northwest Territories

Sir:

On behalf of our colleagues on the Special Committee on the Northern Economy, we are pleased to submit to you our final report, ***The SCONE Report: Building Our Economic Future.***

The major finding of our report is that there are two distinct kinds of communities in the Northwest Territories: the developed communities and the underdeveloped communities. Though we have proposed a single economic development strategy, it is a strategy that can adapt itself to the distinctive needs of each type of community. We have provided thirty recommendations outlining how this should be done.

We would like to thank the hundreds of people in communities throughout the Northwest Territories who appeared before our Committee, as well as the many others who wrote to us. We hope that this report reflects their concerns.

We would also like to thank the various government departments who provided us with valuable and necessary information. Special thanks must go to the Honourable Gordon Wray, Minister of Economic Development and Tourism, and his departmental staff, the staff of the Bureau of Statistics, the Department of Education, and the Department of Renewable Resources.

It is our hope that this report will be only the first step in a long-term effort to build a new economic future for all residents of the Northwest Territories.

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Education, Organization & Discipline

"Among the causes of poverty, I am sure, the material factors are entirely secondary, such things as a lack of capital, or an insufficiency of infrastructure. The primary causes of extreme poverty are immaterial, they lie in certain deficiencies in education, organization, and discipline.

Development does not start with goods; it starts with people and their education, organization and discipline. Without these three, all resources remain latent, untapped, potential. There are prosperous societies with but the scantiest basis of natural wealth, and we have had plenty of opportunity to observe the primacy of the invisible factors after the War (World War II). Every country, no matter how devastated, which had a high level of education, organization, and discipline produced an "economic miracle". In fact these were miracles only for people whose attention is focused on the tip of the iceberg. The tip had been smashed to pieces, but the base, which is education, organization and discipline, was still there.

Here then lies the central problem of development. If the primary causes of poverty are deficiencies in these three respects, then the alleviation of poverty depends primarily on the removal of these three deficiencies. Here lies the reason why development cannot be an act of creation, why it cannot be ordered, bought, comprehensively planned: why it requires a process of evolution. Education does not 'jump'; it must gradually evolve to fit changing circumstances. And much the same goes for discipline. All three must evolve step by step, and the foremost task of development policy must be to speed this evolution. All three must become the property not merely of a tiny minority, but of the whole society."

E.F. Schumacher,
Small is Beautiful

The Winds Of Change

Whalers "Diana" and "Nova Zembla", Dexterity Harbour, Baffinland.

Since the days when our predecessors first looked out and saw the rigged ships of the European traders entering their harbours, adapting to economic change has been a basic fact of life in the North. It's something we've always had to do and, up until quite recently, it's been something we've always been good at.

Perhaps it's because we've never harboured any illusions about our economy. We know that our economy, like our northern environment, is fragile. It is easily damaged by things that happen in far away places.

In the past we prospered when London gentlemen sported wide-brimmed felt hats trimmed with the soft underfur of beavers; and we suffered when the fad passed and something else became all the rage.

The same thing is happening today. Our economic destiny is tied to the price of Texas Crude in a Middle East board room, or the impression a fashion model creates as she swishes down a runway in a Paris salon.

As the economic priorities change on the world stage. we are still trying to do what we've always done—wait until the squalls that blow in from the sea and rattle our houses blow out again, letting life return to normal. But this time things are different.

This time the storms are not passing on. Our renewable and non-renewable resources—the traditional basis for our confidence—are not as valued as they once were. Our lifestyles based upon those resources are changing. We are coming to the end of one era and passing into another.

We are worried about our children and their future. We can see the economic storm clouds on the horizon. Though we don't have a clear vision of the future, we can recognize the truth in the Chinese proverb: "Unless we change our direction we are likely to end up where we are headed."

But what is this new direction? How do we find it?

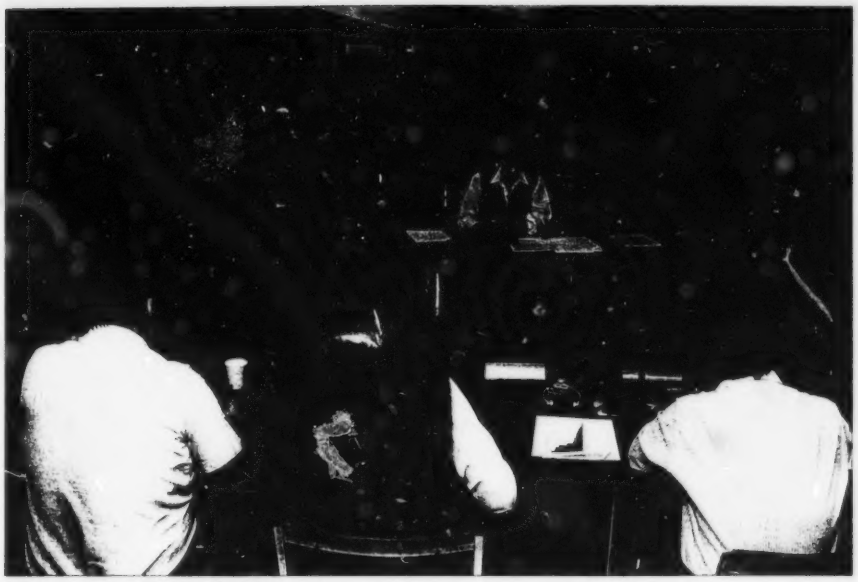
The Search for a Path

We don't expect to suddenly discover some magical new economic path into the future. We know that the forces of change affecting our lives are the same forces that are affecting the lives of all rural people traditionally dependant upon a natural resource base.

"Unless we change our direction we are likely to end up where we are headed."

We are not going to avoid these forces—but perhaps we can stake out a new route that will give us more control over our lives and help us cope with the economic turbulence that lies ahead.

This was the challenge that the Legislative Assembly of the North-



MLA Henry Zoe speaks to SCONE members in Rae.

west Territories gave to the Special Committee on the Northern Economy when it created us in the Fall of 1987—to mark out a more secure economic path into the future.

The Members of the Legislature said to us: "We are worried about where our economy is going. We know we have to try and make changes, but we are not sure how we go about doing it. So we want you to tell us."

"Go out and study the economy of the Northwest Territories. Visit communities in every region and see for yourself how the economy actually works in every day life. Talk to community residents, to groups, to some experts. Listen to their concerns and fears—get their recommendations on how we can make improvements. And when you've gathered enough information, sift through it all and come back to us with some workable recommendations on how we can improve our economy."

"Remember: we're not looking for a 'quick fix'. We know there isn't one. What we want is a long-term economic development strategy—an economic roadmap into the future."

Economic growth is an increase in economic activity and wealth. But it does not necessarily bring benefits to local communities and regions.

Economic development is something very different from economic growth. It is the kind of economic activity that provides real benefits to local residents—jobs, training, increased opportunities for local business. Where economic growth is ephemeral—here today, gone tomorrow—economic development is longer term. It usually leads to a change in the structure of the economy itself.

Refining the Mandate

It was a tall order.

In its broadest terms an economy is a system of producing, distributing, and consuming wealth. We knew that our report could not cover the full range of these activities, so our first job was to narrow down the task to something manageable.

We began by looking at the "product" we were charged with producing—an economic development strategy.

What is an Economic Developmen Strategy?

A strategy is a plan of action—something to guide and direct the activities of an organization so that it can do the things it wants to do over the longer term. An economic strategy is, obviously, a plan of action that will guide the government's economic activities. But what about that word "development"?

The word "development" is absolutely critical. Those of us who have lived in the North for any length of time recognize the distinction between economic growth and economic development.

Economic growth is an increase in economic activity and wealth. But it does not necessarily bring benefits to local communities and regions.

An increase in the price of gold, for example, is an increase in economic growth. But it only benefits those who happen to have gold to start with.

Another example: The Beaufort Sea development that took place between 1977 and 1986 was a major economic activity with major economic benefits. But, though some benefits came to the people of the North, the majority of benefits flowed South—to oil companies, stockholders, southern workers, southern suppliers. This project was an example of economic growth rather than economic development.

Economic development is something very different from economic growth. It is the kind of economic activity that provides real benefits to local residents—jobs, training, increased opportunities for

local businesses. Where economic growth is ephemeral—here today, gone tomorrow—economic development is longer term. It usually leads to a change in the structure of the economy itself.

Our interest, as a Committee, was in economic development, not economic growth. Our job was to create a plan that would guide government in its efforts to foster and promote viable economic development in the Northwest Territories.

If the economic development strategy was to be a useful tool it would have to meet certain basic requirements.

The Basic Requirements

It should *concentrate upon the major problem areas of the economy*.

We knew that once we went out and began speaking to people we would hear about a whole host of problems. Many of those problems government could do nothing about. (For example, government has no control over the international minerals markets which influence mining in the NWT.) Other problems would be quite local in nature — but they might be symptomatic of broader underlying problems. (For example, the failure of a local business might indicate problems with government's business development initiatives.) The challenge for our Committee, then, was to *zero in on the major problem areas* and to decide what government might be able to do about them.

A strategy is a plan of action—something to guide and direct the activities of an organization so that it can do the things it wants to do over the longer term. An economic strategy is, obviously, a plan of action that will guide the government's economic activities.

The economic development strategy would have to have a broad focus and *concentrate upon the critical linkages between various sectors of the economy*.

Underground at the Giant Mine in Yellowknife

By its very nature economic development requires *a cooperative and coordinated approach*. It must bring together various groups and institutions from different sectors to achieve a common purpose.

It does very little good, for example, to stimulate business activities in a particular community or region if local residents lack the training and skills to take advantage of these new opportunities. By its very nature a real economic development strategy helps to weave together various other kinds of development: business development, social development, community development, and political development.

Since most of the problems with our economy have developed over a long period of time, they cannot be rectified overnight. It is going to take a concentrated effort over an extended period to make improvements. Thus *our strategy had to be long-term:* something that could be put in place to guide government economic activities for at least a decade, if not longer.

Finally, *our recommendations had to be strategic*. They had to concentrate upon those critical areas where our government has the ability to make significant changes.

Our economy is, to a large extent, controlled by forces outside our sphere of influence: by changes in international commerce, by pressure groups with world-wide influence, by international money markets, by decisions made by large corporations, by policies of the federal government and other governments. Trying to totally restructure our economy from within is a real mismatch.

But we are not completely defenceless. Like the judo expert who tries to use his adversary's strength against him, we can identify some critical areas—pressure points—where government can do some things that will make a difference.

Once we'd defined our product—a longer term economic development strategy—we turned our attention to our audience.

The Needs of our Audience

Who is our audience? Who have we written this report for?

Actually we have three distinct audiences.

Our first audience is *the membership of the Legislative Assembly of the Northwest Territories*. They are the ones who gave us our mandate.

Because the Assembly is not the

government as such, it has no direct power to implement the recommendations contained in this report. But it can say to government: "Our Committee has gone out and studied our economy. We have developed a long-term economic development strategy. Here is what we think you should do." The Assembly can also ensure that the recommendations are taken seriously by government, and it can carefully monitor results.

Our second audience is *the Government of the Northwest Territories*. Our recommendations must fall within the legal mandate of our government; and they must be "do-able" within the limitations of the government's resources.

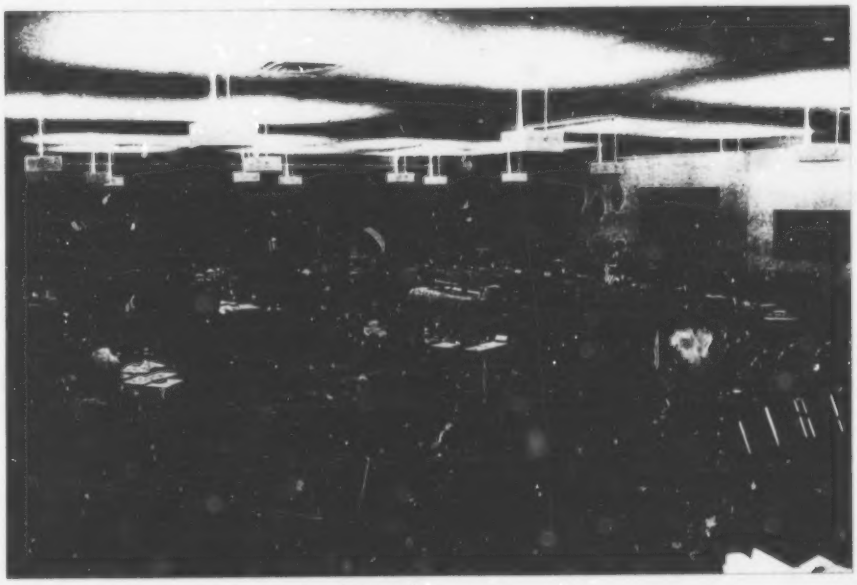
Our third audience is the *public at large*—especially the residents of the NWT.

We are particularly concerned about how our analysis will be received by the public because on-going public participation is essential for the implementation of the recommendations.

Unlike the work of the two previous special committees—on education and housing—the work of our committee goes well beyond the program mandate of a particular department. The recommendations are not *program* recommendations. They are *policy* recommendations.

Their implementation will require "direction from the top", and a cooperative effort between our government and various other stakeholders: the federal government, local municipalities, native organizations, the business community, regional organizations, various interest groups, and the public at large. It is essential, therefore, that these various other stakeholders understand the issues addressed in this report.

We are particularly concerned about how our analysis will be received by the public because on-going public participation is essential for the implementation of the recommendations.



The 11th Legislative Assembly in session, Yellowknife

We have tried to address the needs of this wider audience. And, because so many residents of the NWT use English as a second language, we have written this report in a simple style, in plain English, free from technical and bureaucratic jargon.

Once our Committee refined its mandate, examined its product and determined the need of its audiences, the next step was to develop an approach.

After much discussion we opted for a two-pronged approach. We decided to hold a series of public hearings, and we commissioned a number of background studies.

Public Hearings

Between September 6, 1988 and June 15, 1989 our Committee held at least one public hearing in each of the 24 electoral districts. The purpose: to let the members of the Committee hear about the economy first hand from local residents and various interest groups. These meetings were usually organized by the local MLAs. They selected a specific community for our visit, but also brought in representatives from other communities to provide input.

Typically the Committee would spend one and a half to two days in each community. We would arrive in the afternoon, meet the local Mayor and/or Band Chief, and have a tour of the community. That evening there would be a public meeting lasting for three or four hours, during which residents and representatives of local businesses would present briefs to the Committee.

During the second day of our visit there was usually a half-day or a full-day workshop. This provided an opportunity for local residents to outline and discuss local economic concerns in more detail. During each meeting, Inuktitut translation services were provided and a verbatim transcript was made for future reference.

In addition to community meetings the members of the Committee met with various government departments and groups: representatives of business, labour, native organizations, and special interest groups. We also invited and received written submissions.

In June 1989, the Committee spent a few days in Ottawa meeting with senior federal civil servants from nine departments. This helped the Committee get a clearer picture of federal plans and their possible future impacts upon the economy of the NWT.

Special Studies

In the Fall of 1988 the Committee met to identify special areas of concern and commission special studies. Initially there were some twenty areas identified as worthy of special attention; but limited funds forced the members to winnow the list down to six, with a seventh added later in the project.

The initial six studies included: a review of the programs of the Department of Economic Development and Tourism; a review of the government's Native Employment Policy; a review of adult training in the NWT; a study of the potential impact of the Dene-Metis and Inuit land claim settlements on the economy of the NWT; a strategy for resource development and environmental protection based upon the principle of sustainable development; and a strategy to support the domestic economy.

Later in the project we added a seventh study: a review of financial and banking service requirements in local communities.

Each study was conducted over a four to six month period (with the exception of the last one which was completed in less than three months). As the name "background studies" suggests, the purpose of the studies was not original research. It was, rather, to provide the Committee members with background information: a fairly broad overview of the particular area under investigation, pulling together the findings of recent studies and reports. Consultants were required to provide the Committee with specific recommendations, based upon their analysis of the study area.

Once the studies were completed we released them to the general public.We invited the public to review the studies and provide us with their comments.

Summary of Public Hearings

Early in the Fall session of the Legislative Assembly (held in Norman Wells during October-November, 1989) we released an interim report entitled, *"Summary of Public Hearings"*. The report had two parts. The first part contained summaries of the major issues brought up during the public hearings. As much as possible the issues were described in direct quotes taken from the transcripts. The second part contained a simple listing of all recommendations made to the Committee in each community.

Our Major Finding

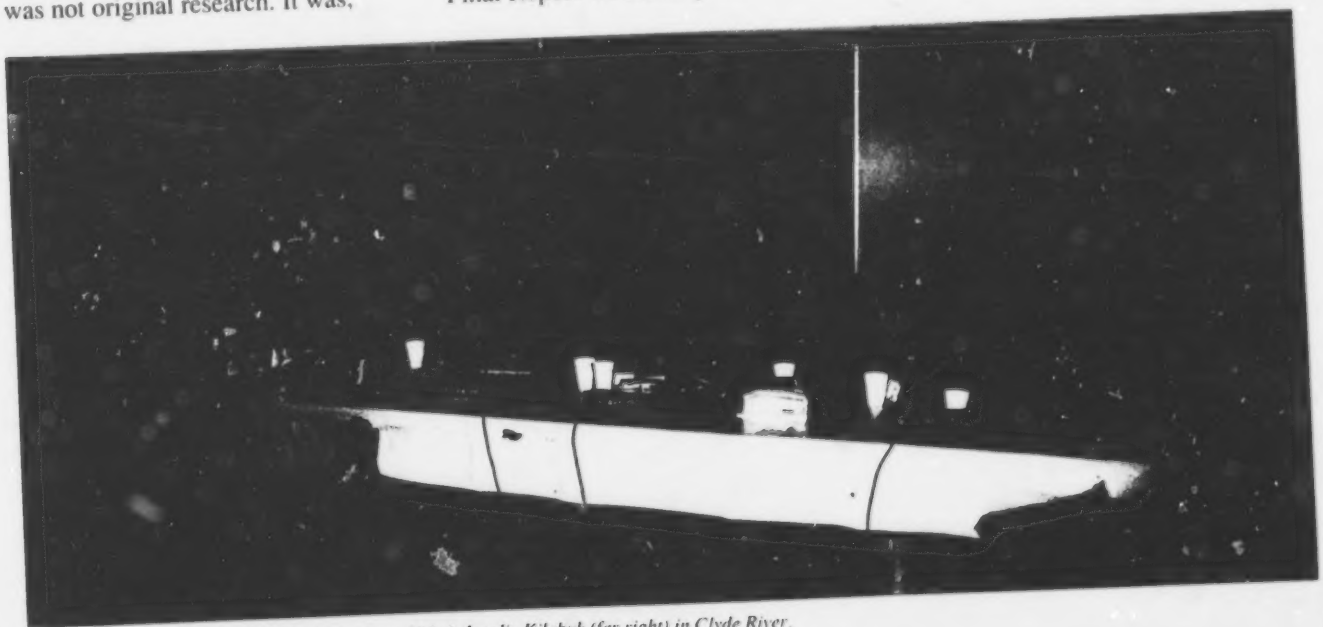
In the following chapters of this Final Report we identify the strengths and weaknesses in our economy and outline a comprehensive economic development strategy. But before we get into the details, a brief word about our major finding and how it has influenced the whole focus of this report.

In the developed communities the need is to build upon the economic vitality and development that already exists. In the underdeveloped communities the need is to "foster development": personal, community, and economic.

As we travelled across the Territories visiting the different communities, it soon became quite obvious to us that there are two kinds of communities in the NWT. There are *developed communities* and there are *underdeveloped communities*. As we shall see in Chapter Two of this report, these two groups of communities are very different in terms of their origins, size, populations, economic characteristics, and future prospects.

They are also very different in terms of their requirements for an economic development strategy.

In the developed communities

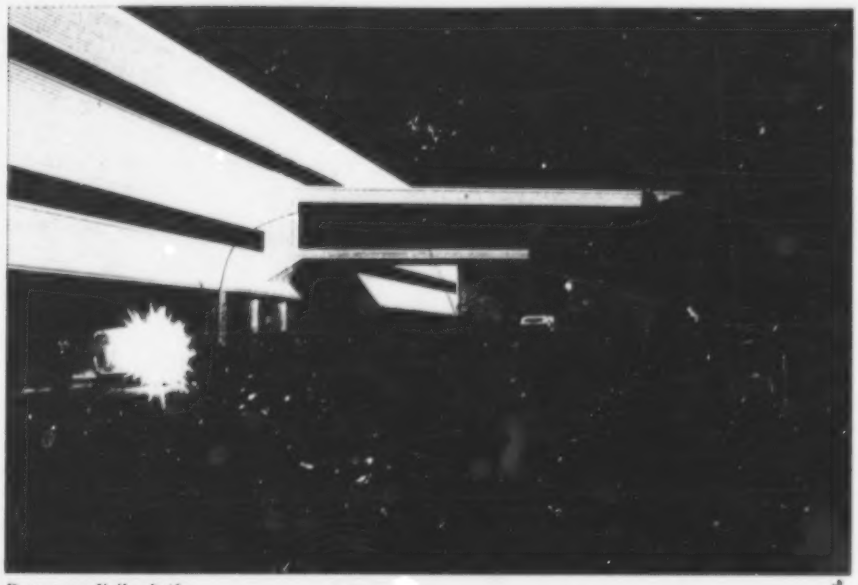


Committee members listen to a submission from M.L.A. Ipeelie Kilabuk (far right) in Clyde River.

the need is to build upon the economic vitality and development that already exists. In the underdeveloped communities the need is to "foster development": personal, community, and economic. Because the two groups of communities have different needs in terms of economic development, we had to develop a two-pronged economic development strategy.

With our mandate to create a single, long-term economic development strategy for the Northwest Territories, the challenge for our Committee was to develop an approach which would focus upon the most critical needs—the developmental needs of those in the underdeveloped communities—but do it in a way which would also respond to the needs of the developed communities.

Over the long term the development of the underdeveloped communities will improve the vitality of the developed communities. It will reduce dependence upon government, create new markets, provide more trained people, and help develop a broader tax base throughout the Territories. We have also made a number of recommendations which will foster economic vitality in the developed communities.



Downtown Yellowknife

Pond Inlet in the spring

The Contents of this Report

Here is a brief summary of what lies ahead in our efforts to build a new road to economic development.

Chapter One, A LOOK AT OUR PAST, shows where we have come from and how our economy has developed through various historical stages.

Chapter Two, A PROFILE OF OUR ECONOMY, presents a snapshot of our economy the way it is today, and discusses its various strengths and weaknesses.

In Chapter Three, THE DEVELOPED AND THE UNDERDEVELOPED COMMUNITIES, we describe the two kinds of communities and discuss the requirements of each in terms of an economic development strategy.

In Chapter Four, DEBUNKING THE MYTHS, we begin the process of developing an economic development strategy by examining some of the myths that are often put forward as the "solutions" to our economic problems.

Chapter Five, TRENDS, describes some of today's major economic trends which must influence the development of any long-term strategy.

In Chapter Six, THE GUIDING PRINCIPLES, we begin developing the strategy itself. We use an analogy. Developing an economic strategy is like laying out a new road through the bush. The guiding principles are the surveyor's markers which point out the direction and help keep us on track.

In Chapter Seven, RECOMMENDATIONS, we point out the areas where the road ahead has been washed away, and we provide the designs for some new bridges to link the parts of our road together.

A Look at Our Past

Hudson's Bay Company Traders

"What do people do here?"

It's one of the first questions that tourists seem to ask when they visit one of our more remote communities.

They sit in the hotel, look out over the landscape, and are overwhelmed by the sheer physical beauty of what they see. But they know you can't eat scenery. So they ask about the local economy, and what people do to make a living.

It's the same question, more or less, that our Committee has been asking for the past couple of years. And it's the same question that visitors to the North have been asking for at least four hundred years. They've wondered about our economic prospects and potential. And some of them have had their own economic visions.

In this chapter we'll look at some of these visions and at how they have affected our resources, our people, and our economy.

Our First Tourists—The Explorers

Martin Frobisher came to Baffin Island in 1576, the first of many explorers sent out by the trading nations of Europe to find the "Northwest Passage" the elusive trading route to the Orient.

In addition to being our first tourist of note (after the Vikings, of course) he was also our first disillusioned prospector and mining engineer. On his three trips to the Baffin between 1576 and 1578, he hauled back to England large quantities of ore which he thought contained gold. They didn't.

After Frobisher there were many more explorers. Because most of them were seeking a water route through the North, they had minimal contact with native peoples. This was not the case for those who came after them—the traders. These men, and the goods they brought with them, were to have a profound and lasting impact upon the lives and lifestyles of our native peoples.

The Hudson's Bay Company

In 1668, a new vision began to take shape when a small ship, the Nonsuch, entered Hudson Bay. The men aboard were assessing the possibilities for trade. Their voyage was successful and, in 1670, a group of English businessmen formed the Hudson's Bay Company.

Unlike the explorers who were just "passing through", the members of the "Company of Adventurers" (as it was referred to in the Royal Charter) came and stayed. They urged the native people to hunt and trap for trade. In exchange for furs and meat they were offered rifles, knives, cooking utensils, cloth goods, tobacco and food staples.

Within a few decades, Hudson's Bay trading posts were situated on all the key trade routes throughout the North. Although some Dene and Inuit worked directly for the company, the vast majority became what we would call today "owner-operators". They were like small business-

men, with their own equipment, and the skills needed to support themselves, their families, and their communities.

The Whalers

In the 1840's, the Inuit had a similar close contact with "outsiders"— whalers from Europe and the United States, who often stayed in the Arctic over two whaling seasons. Inuit were taken on as crew members and were exposed to the complexities of the whaling industry. They also engaged in trade with the whaling ships.

As trade between natives and Europeans became more common, native people began to depend upon it as much as they depended upon the annual migrations of caribou. With trade came improved equipment and a higher standard of material comfort. Legends are still told about the year the whalers failed to arrive at Big Island, near Lake Harbour. What use were guns without ammunition?

Their personal and social lives were organized around the need to hunt, clothe themselves and provide shelter. Their lifestyle was highly disciplined. Each person had a role to play.

Despite the growing dependencies on trade however, native northerners were still extremely self-reliant. They had an intricate knowledge of the land, they depended upon its largesse, and they were confident in their own abilities.

Since childhood they had been educated in the ways of the land: survival skills learned from elders were passed down from generation to generation. Their personal and social lives were organized around the need to hunt, clothe themselves and provide shelter. Their lifestyle was highly disciplined. Each person had a role to play. Everyone depended upon each other to fulfil his or her role.

A driller at an oil rig in Norman Wells

The RCMP

Because trade sometimes resulted in exploitation and illegal practices, "the Mounties" were sent to the North to maintain the peace in the early 1900's. To keep an eye on the whaling communities, posts were established at Herschel Island and Cape Fullerton. The police controlled the distribution of liquor, enforced duty on trade goods and charged captains to keep their crews in line. By the 1920's Commissioner Starnes made it policy that the Mounties establish themselves wherever a trading post was built. Even Rasmussen noted on his travels across Arctic America in the twenties that native people would benefit from contact with gentler forces than unsavoury traders and adventurers.

The Discovery of Oil

In many peoples' minds, the North conjures up a vision of an unlimited supply of natural resources—minerals, oil, and gas. Since Frobisher's day, there had been various attempts to discover and exploit minerals, but always on a rather small scale. (Except for the occasional discovery of surface finds of copper which native peoples would fashion into trade goods, mineral extraction never became part of the native culture.)

What really triggered the vision of the North as a storehouse of unlimited natural resources was the discovery of oil in Norman Wells in 1921. It prompted the North's first staking rush. Old timers who saw it were reminded of the long string of adventurers moving up the Mackenzie River to the Yukon Gold Rush at the turn of the century. Coincidentally, the Norman Wells discovery also led to the introduction and development of aviation in the North. There was speculation that oil might be brought to market by plane! While this did not prove feasible, the airplane did become the main vehicle for northern mineral explorations and led to the discovery of the radium-uranium deposit at Port Radium on Great Bear Lake in 1930.

The Shift in Emphasis

During the Twentieth Century northerners have seen a shift from renewable resources to non-renewable resources.

Mining and oil and gas extraction became big business in the North. But the development of renewable resources, particularly fur harvesting, has been in general decline: it was dealt a severe blow in the early 80s with the crash of the Eastern seal skin market. Today, the sale of furs throughout the Territories accounts for only about $5 million dollars annually; mining and oil and gas extraction represent almost a billion dollars in the NWT economy.

For the most part, native people have not been a part of this switch to non-renewable resources. There is little in their own tradition which helps them relate to mining or oil and gas developments. The same might be said about their involvement with government.

The Growth of Government

During the early part of this century, the federal government was ambivalent about how it wanted to deal with native peoples in the North. Some federal officials believed that native peoples should be left "uncontaminated" by outside influences,

"protected" by government. Others realized that the world was getting much smaller. The longer native peoples were sheltered from the outside world, the more difficult it would be to accommodate them at a later date.

The opinions of this latter group eventually won out and, in the 1950s, the federal government undertook a major educational program throughout the NWT. (The churches developed the first schools, but they were few in number.) Residential schools were built. Native families were urged to move into settlements where government could more easily provide community schooling—though many families continued to live part of the year on the land and part of the year in town.

In the early 60's the federal emphasis shifted from education to the development of towns and villages. Modest houses were provided, municipal services were developed, health services were improved.

The idea was to bring native people "in off the land" to small communities where government could provide basic services more efficiently. It was not an easy transition, not for the government and especially not for many native people.

For government, building new settlements was both difficult and expensive.

Families that were once able to live fairly independent lifestyles have now become highly dependent upon the government welfare cheque. The lack of work and dependence upon welfare has had a widespread negative impact upon native peoples, their social lives, and their institutions.

Most of the sites were those that had served as trading posts. Originally selected for their good anchorage and the shelter they could provide for the annual supply ships, they were now to become full-blown communities.

Many of them lacked an adequate supply of fresh water, there was often not enough good land for building sites or for garbage disposal, and airports and runways were difficult to build and expensive to maintain.

But by far the most serious problem—and the one that has had the most serious impact upon family life—has been the lack of a viable economic base, especially in the more remote communities.

With the exception of the harvesting of renewable resources (which, ironically, were harvested much more easily out of the hunting camps) there is very little in the way of jobs or work. Families that were once able to live fairly independent lifestyles have now become highly dependant upon the government welfare cheque. The lack of work and dependence upon welfare has had a widespread negative impact upon native peoples, their social lives, and their institutions.

Students at the Roman Catholic residential school, Fort Providence, 1921

The Search for Alternatives

But, over the years, there have been various attempts to find economic alternatives to hunting and trapping.

In the 1920's reindeer herding adapted from the Lappish tradition was experimented with at Amadjuak; a similar experiment took place at Kittigazuit in the 1930's. Whaling, fox farming, eider down collecting, boat building, and handicrafts were all encouraged at one time or another by the federal government, the Development Department of the Hudsons Bay Company or, more recently, by the GNWT.

Over the last twenty years the search for alternatives has tended to focus on mega-projects, particularly jobs in the oil patch. But though the Beaufort Sea exploration and the construction of the pipeline from Norman Wells to Zama Lake in Alberta held out some initial hope, they did not fulfil job expectations. They did, however, focus attention on two other realities—the educational system and the desire for self-government.

The Crisis in Schooling

The first schools in the Northwest Territories were established and run by the churches, long before the introduction of public education in the 1950s. (For example, the Catholic Church set up a school in Fort Providence in 1867.) But even in communities with a long history of

schooling, the basic elements of education, organization and discipline seem to be missing. With the possible exception of the residential schools, neither the local church schools, nor the federal schools, nor the public school system developed by the GNWT, have managed to prepare our young people for jobs in the workplace.

Why have the community based schools, especially those in the more remote communities, had such a poor success rate after so many years of effort?

Is it because parents do not place a high value upon education and, therefore, do not stress the importance of a basic education with their children?

Is it because the lifestyle in the towns, unlike the lifestyle in the camps, does not provide a disciplined enough environment which is so necessary for acquiring an education?

Is it because teachers and school administrators, many of whom are very dedicated, come from the south and lack a vision of the purpose of education in the north?

Is it because of social problems: inadequate housing and overcrowding, lack of daycare services, too much alcoholism, too much gambling, racial discrimination?

It may be a combination of all these factors. But undoubtedly one of the most significant factors is the lack of a viable economic base in the local community.

If students cannot see the results of education, if they cannot link their education to a job and a viable paycheque, there is little incentive to pursue an education.

The Road to Self-Government

In the mid 1960's northerners made it quite clear to Ottawa that they wanted their own government. In 1967, as a result of the work of the Carrothers Commission, the decision was made to move the Territorial government to the Northwest Territories. Yellowknife became the capital.

A few years later, in 1973, the oil crisis along with a dislike among native people with the way government was being established, triggered another movement which will undoubtedly have profound implications for years to come—the search for aboriginal self government. In the West, the plans to build a pipeline down the Mackenzie Valley emphasized the need for the settlement of land claims. Native organizations became much better organized and much more vocal—in both the East and the West.

The Berger Inquiry recommended that the building of a pipeline down the Mackenzie Valley be delayed for ten years until land claims could be settled. This highlighted the importance of negotiations.

In the early 1980's, as a result of their work on their claim, the Inuit began to lobby strongly for division of the Territories and creation of Nunavut. In 1984, the Inuvialuit of the Western Arctic settled their land claim. The Dene-Metis have signed an agreement in principle with the federal government. The Inuit expect to do so shortly.

Today, in terms of constitutional development, we are in a state of transition. The role and authority of the Commissioner has been replaced, at least in practice, by the authority of a fully elected Legislative Assembly and by Ministerial Government. But we are still working to develop a government which is fully representative.

Undoubtedly the next decade will see various efforts to create a form of public government which enshrines the aboriginal rights of native people along with the rights that non-natives as well as natives enjoy under the Constitution.

Though the move to self-government has placed an emphasis on development, it has also highlighted the seriousness of economic problems in many parts of the Territories. We have a small group of developed communities, and we have a much larger group of underdeveloped communities. We need some answers.

What are the Answers?

How can we reduce the continued dependence upon government which seems to be creating a northern "Welfare State"? How can we slow down and reverse what many feel is the moral and social disintegration of our communities?

How can we re-establish a sense of self worth that comes from work and gainful employment? How can we convince our young people of the importance of an education so that they can prepare themselves for the future?

How can we develop some realistic economic options, especially for people living in the smaller, remote communities? How can we prepare our peoples to survive in the rapidly changing world of the Twenty-First Century?

Our Committee hasn't come up with any magic answers. There aren't any. But, as we have reviewed our history, and looked at some of our successes, and talked to our people, we've come to a basic conclusion.

Our ability to survive and flourish as peoples of the Northwest Territories, whether we are living a traditional lifestyle, working for a large employer, or running our own small business depends more than anything else upon three basic elements: education, organization and discipline.

These qualities are not something new. They are part of our culture and our heritage, the things that have helped us survive.

Education, organization and discipline— these are the things that matter. Our whole economic strategy depends upon our ability to take these three elements from our past, adapt them to our present needs, and use them to build our future.

A Profile of Our Economy

In this chapter we will take a look at the economy of the Northwest Territories. We'll start with a broad profile of the total economy concentrating on the major sectors. Then we'll move on to discuss some of the major problems.

1. A Profile of the NWT Economy

Geography

The Northwest Territories covers some 3.3 million square kilometres, roughly a third of Canada's land mass and an area slightly larger than the sub-continent of India.

Most of the Territories, with the exception of a few islands in Hudson Bay, are located North of the 60th parallel. Even by Canadian standards the climate throughout most of the Territories is quite severe.

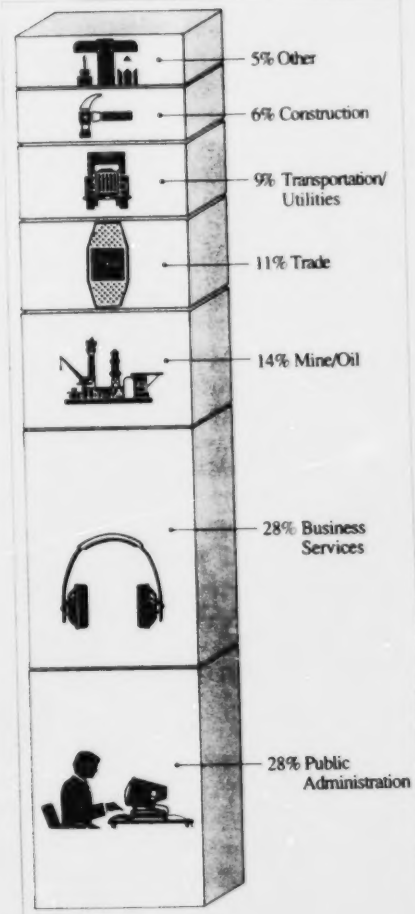
There are two main landscapes separated by "the tree line". Above the tree line is the arctic region known as "the barrens", the traditional land of the Inuit. Below the treeline is the taiga, the forested subarctic region, the traditional homeland of the Dene.

Population

Despite its tremendous geographical size, the Territories has a population of only 52,000 people. About 35% are Inuit, 16% are Dene, 7% are Metis, and the remaining 42% are non-native.

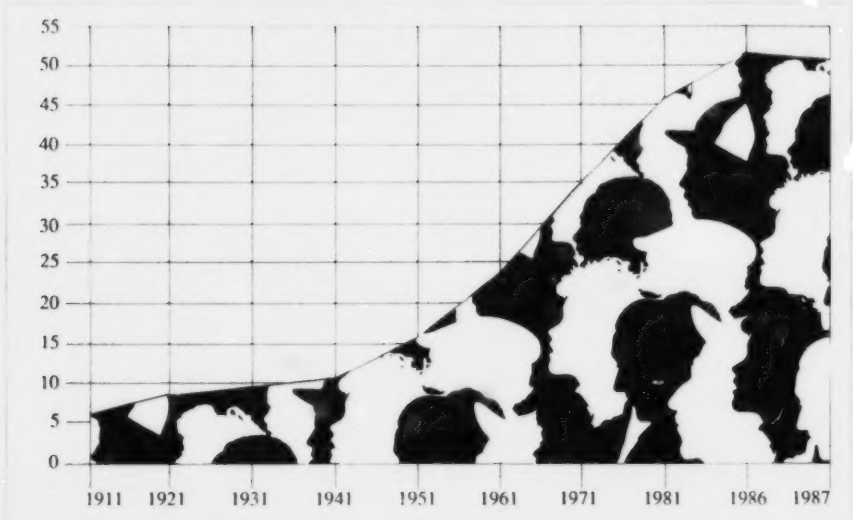
We have a very young population, and one that is growing very rapidly, especially within the native community. About 45% of the population is under 20 years of age, only 2% is over 65. The birth rate

NWT INDUSTRIAL EMPLOYMENT — 1988



Source: GNWT Bureau of Statistics

NWT POPULATION GROWTH
(Persons, 000s)



Source: Economic Development and Tourism

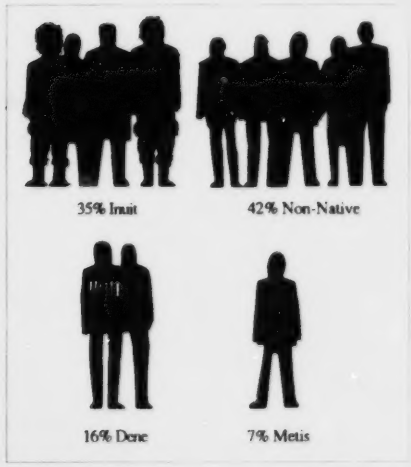
among native people is 3% annually—about three times the national average.

Yellowknife, situated on the Northern shores of Great Slave Lake, is the capital city. It has a population of about 13,000 people. There are four more towns—Fort Smith, Hay River, Iqaluit and Inuvik with populations of slightly more than 2000. The rest of the population lives in fifty-two smaller communities, many of them quite isolated, scattered throughout the Territories.

What does our economy look like today? In the next few pages we'll give you a snapshot.

(For those who want a more thorough picture than we can provide here, we'd suggest you get hold of the excellent publications on the NWT economy that the Department of Economic Development and Tourism puts out each year.)

ETHNICITY



Small Business

Over the past decade or so, the whole world has seen a dramatic shift in the way jobs are being provided. It used to be that most jobs were blue collar jobs, provided by major industries—steel plants, automobile plants, various kinds of manufacturers. Today, most jobs are provided in the service sector—especially by small businesses.

That holds true for the North as well.

Between 1978 and 1986, in the NWT, small business created almost 3,800 new jobs. The total number of jobs increased from 11,750 to 15,000 and its payroll went from $157 million to $355 million. It is now our major source of wages and salaries.

Here is a breakdown of the major small business employers in terms of the jobs they provide: general contractors, 1,000; transportation, 1,400; retail trade, 2,100; health services, 900; accommodation and food services, 1,400; general services, 3,200; community services, 1,200.

Mining

After small business, mining is the second largest private employer. It is also our oldest industry. (Our first mineral shipments were exported in 1876 when 14 tonnes of mica, worth $120,000, were shipped from the Cumberland Sound area of Baffin Island. The first modern mine in the NWT was the Eldorado Mine at Port Radium. It began production in 1932.)

At present there are six operational mines in the NWT. Current employment in the mining industry has averaged about 2,100 workers for the past five years. It is estimated that, in 1987, mining and mineral exploration companies purchased approximately $168 million in goods and services. Approximately 43% of this demand ($72 million) was met by NWT suppliers.

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In the NWT, as in most of the rest of the world, gold is the most sought after mineral. It has done well in recent years. Generally prices for base metals (lead, zinc, copper) have been weak. Though the price for base metals seems to be stabilizing somewhat, most analysts predict a continuing shift to gold in the NWT mining industry.

Mining activities have declined somewhat over the last two years with the closure of the Pine Point Mine and the change of government

policy resulting in the loss of flow-through share financing. The loss of jobs and revenues will be partially offset by the development of the new Colomac property north of Yellowknife.

Oil and Gas

In the early 80's there was a great deal of oil and gas activity. The Norman Wells pipeline was constructed, there was exploration in the Beaufort Sea, and the Petroleum Incentive Program (PIP) poured between $400-$500 million into the territorial economy. However, with the fall in oil prices, the oil and gas sector has cooled off.

In 1986, the total value of oil production was $112 million, about 1% of Canada's total production. The total value of gas production was $4 million.

Two recent developments might have significant impact for the future. In 1987 Chevron signed a $41.7 million joint venture exploration agreement with the Fort Good Hope Dene Band. This is being watched closely to see what benefits it brings to a small local community. And, the federal government has announced its intention to negotiate a "Northern Accord" with the GNWT: an agreement that will give the GNWT a larger share in the development of oil and gas resources.

Though the NWT has significant resources of both oil and gas, they are remote and will require a significant increase in world prices before they can be profitably developed. Most analysts predict that world prices will remain relatively stable for the time being. It will likely be well into the next century before we see significant development in the oil and gas sector.

Tourism

Tourism is the fastest growing industry in the NWT and it holds great promise. The NWT has a unique product to offer, and unlike so many other industries, tourism does minimal harm to the environment. This makes it especially appealing.

THE GROSS DOMESTIC PRODUCT

When measuring the economy, economists always talk about the "Gross Domestic Product" (or GDP for short).

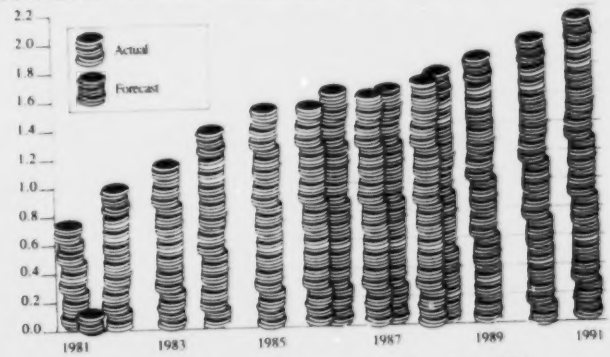
The GDP is a sort of profit and loss statement for the economy. It adds the value of all purchases, investments, and wages and subtracts the total cost of imports. The difference between the two is the GDP.

The Department of Economic Development and Tourism notes that our GDP has grown steadily since 1980. In the early 1980's it exceeded 20%. Over the past decade, the Territories GDP growth has been the fastest in Canada.

An important component of the GDP measures the economy's trade with areas outside the Territories. For the most part we export furs and non-renewable resources. But we import far more than we export. In 1988, the regional imports came to over a billion dollars a year: Fort Smith, $719 million; Inuvik, $234 million; Baffin, $86 million; Keewatin, $54 million; Kitikmeot, $18 million. Obviously, import substitution (substituting things that we import with things that we make or produce within the Territories) is an important element of any economic development strategy for the Northwest Territories.

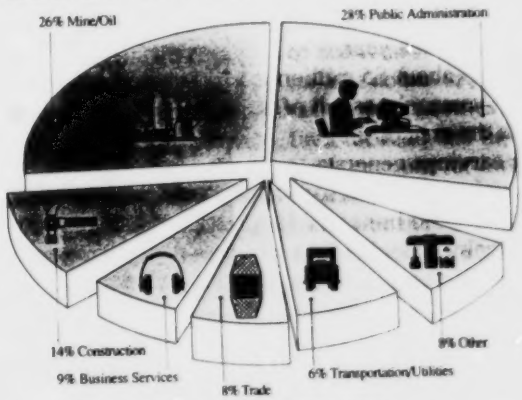
The weakness of the GDP as an economic measurement is that it only measures **average growth** for the Northwest Territories as a whole. It does not reflect events within a community or region. This is a significant weakness. As we shall see in Chapter Three of this report, there is a wide discrepancy in economic prosperity between a handful of developed communities and a large majority of underdeveloped communities.

TERRITORIAL GROSS DOMESTIC PRODUCT ($ BILLIONS)



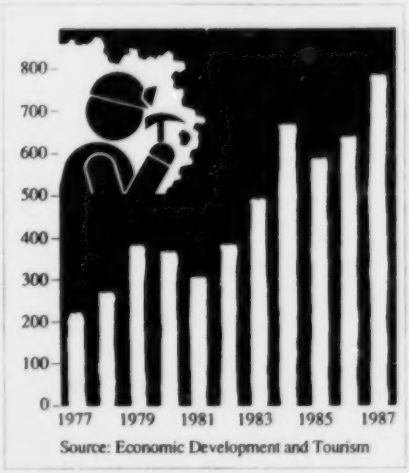
Source: Income & Expend. Accounts; NWT Economic Model Exper. Forecast 1988.

NWT GDP BY INDUSTRY 1988



Source: NWT Economic Model, Dec. 1988 Experimental Forecast

NWT MINERAL SHIPMENTS ($ Millions)



Source: Economic Development and Tourism

At present, tourism results in some $25 million in business revenues, provides about 600 person-years of employment, and generates up to $12 million in government revenues.

As with other industries the regional impact varies substantially. The Fort Smith-Yellowknife corridor accounts for about 70% of all tourist travel.

The industry has a significant number of problems to overcome: the lack of attractive, packaged vacation offerings, the lack of developed attractions, inconsistent quality in personal services and facilities, lack of market place awareness, a small and poorly trained workforce, and a poor road system.

Arts and Crafts

Retail sales for arts and crafts run at about $20 million a year. Though sales are up about $5 million over the past few years, almost all of the increase is in the area of Inuit carvings. These carvings generate about $12 million in annual sales. The market for Dene and Inuit arts and crafts has remained stable at about $8 million. Industry sales could improve significantly with more effective promotion and more attention to ensuring the highest quality of product.

Fur Harvesting

There are 2900 trappers in the NWT exporting $5.6 million in furs annually. About 96% of these exports come from the Fort Smith and Delta areas.

The Baffin, Kitikmeot and Keewatin regions have not yet recovered from the collapse of the European sealskin market. The effects of the collapse have been felt in most communities, driving significant numbers onto the welfare rolls.

The industry faces serious competition from fur farms. Last year the production from mink farms equalled Canada's total wild fur harvest.

The main challenges for the industry are to find ways of "adding value" to furs in the NWT (through tanning and the production of fur products), developing new markets, and working to maintain present markets.

Commercial Fishing, Forestry and Agriculture

These are all very small industries in the NWT.

Great Slave Whitefish comprise about 75% of an estimated $2.1 million fishing industry. Arctic Char from the three Eastern regions make up most of the rest. The future for small off-shore fisheries in the Eastern Arctic looks promising.

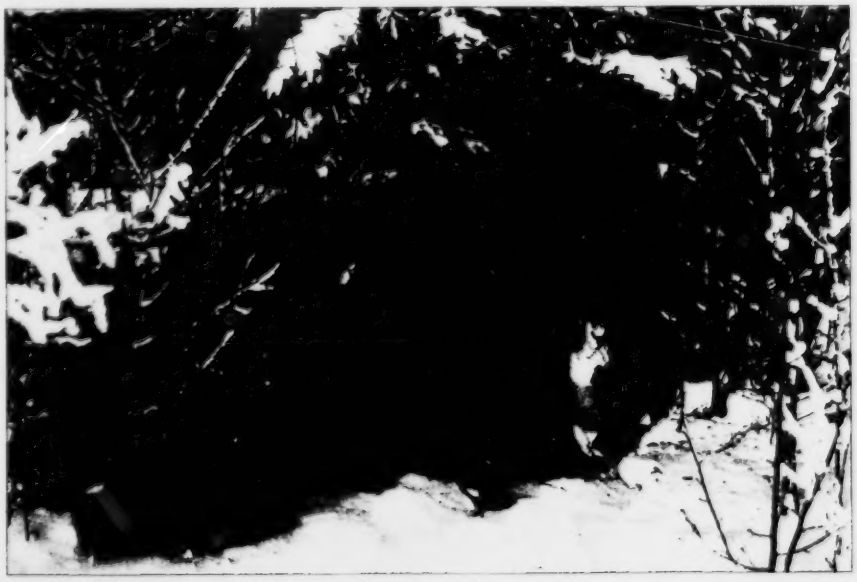
The NWT's four sawmills in the Fort Smith area generate revenues of $2.25 million annually and provide about 50 seasonal jobs. Studies have shown that there is significant raw material in the Liard Valley for an increase in production. Better technology and conversion from fossil fuel to wood heat in the Western regions would assist the development of the industry.

High costs and a short season have limited agriculture to small-scale market garden and livestock operations in the Fort Smith area. There is, nevertheless, significant scope for small scale developments to serve local needs. A successful egg production company has been developed in Hay River and is now serving the Western Arctic.

The Economic Significance of Government

Government is the main actor in the economy of the Northwest Territories. Its purchases, wages, investments, and financial assistance payments have a tremendous influence, accounting for almost 40% of the GDP— and that influence has been growing.

As of June, 1987, all levels of government employed about 8700 people, an increase of 16% since



Working a trap-line.

NUMBER OF VISITORS AND THEIR EXPENDITURES
1987 Estimate

Source: Economic Development and Tourism

1982. About 60% of these employees (5200) work for the GNWT.

To put things in context, government employment makes up about 46% of all wage employment; in the rest of Canada it is about 21%. In the NWT, 9 out of every 20 workers work for government; in the rest of Canada the ratio is 4 out of 20.

Government is also a major investor. Since 1982, private investment has declined. It is now only one-fifth of what it was. Government investment, on the other hand, has increased by 165%.

Residents of the NWT, especially those in communities without a tax base, are highly dependant upon government for services and programs. In 1987-88 the per capita expenditure by the GNWT was $16,379 per person. The national average was $4,600 per person.

With a budget of some $841 million in 1988-89, the GNWT spends most of its money on people services and infrastructure (buildings, roads, etc.).

The Departments of Health, Education, and Social Services spend about 42% of the total budget. Four other departments—DPW, Municipal and Community Affairs (MACA), Transportation, and the Housing Corporation spend over one-third of the budget (about $294 million). Together, people services and infrastructure account for 85% of the total budget.

Revenues and Expenditures

In 1986, total expenditures by all governments, including transfer payments, came to $1.6 billion. Most of this money comes from the federal government, either directly or through the GNWT.

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Though the federal government has been devolving more and more services to the GNWT, it still spends about half a billion dollars a year on its own programs or indirect payments to individuals (UIC and Family Allowance).

When we examine the GNWT budget of $841 million we see that 86% comes through formula funding ($641 million) and various transfer payments from the federal government. (Formula funding is an agreement made between the GNWT and the federal government to fund the GNWT according to a fixed formula for a set period of time. Transfer payments are payments for programs like welfare, the Economic Development Agreement, etc.)

How much money does the GNWT raise itself, through such things as taxes on people and corporations? Not very much.

In 1988-89, total "own-source revenues", taxes from residents and corporations are expected to come to only about $126 million—about 15% of our total requirement. About $40 million comes from personal income tax. The rest comes from taxes on fuel, tobacco and liquor. Corporate taxes account for only $5 million (4%) of this amount.

Over the past few years revenues from liquor, tobacco and fuel and income taxes have remained steady. Corporate taxes have declined, mostly because of the decline in the oil and gas industry.

Farming in the South Slave area.

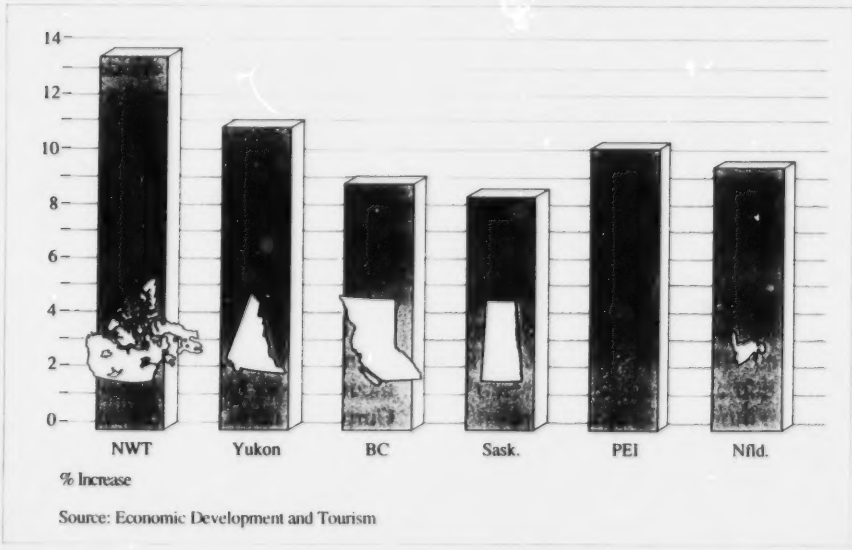
Imports-Exports

Almost all of our exports are raw materials—oil, gas, minerals, and furs—which we ship out for processing elsewhere. Since we have no local industries, we do not export any finished products. What little manufacturing we do have is limited mostly to cottage industries producing native crafts.

But we do have significant imports. Each year we import more than $1 billion of goods, materials and finished products into the Territories. Obviously "import substitution" (replacing things we import with things we produce locally) is one of the ways we can improve our economy.

If one looks at our economy strictly from the point of view of the GDP, our economy seems to be doing quite well—at least in comparison with the rest of Canada (see box). But, as we shall see in the rest of this chapter and in the one that follows, using the GDP as our sole indicator of economic development does not provide us with an accurate picture of our economy.

GDP GROWTH BY PROVINCE AND TERRITORY
(Annual Growth Rates)



Source: Economic Development and Tourism

2. Our Major Economic Problems

In our ***Summary of Public Hearings; What residents of the Northwest Territories think of the economy***, we outlined many of the problems confronting our economy. Here we provide a summary of those problems along with some additional information and analysis from our special studies.

General Problems

Healthy economies tend to have a balance between their main sectors—resource development, manufacturing, and the public sector. Our economy lacks a balance. Economists routinely refer to an economy like ours as "poorly integrated".

We have significant natural resources. Like all natural resources throughout the world, they are strongly influenced by international market conditions. But because our resources are "frontier resources" they are hard to get at and expensive to develop. Thus they tend to be developed last—when there are world-wide shortages. In the last few years, market conditions have changed so greatly that resource industries cannot be expected to generate the kinds of activity they have in the past.

Unlike most healthy economies, we do not have a manufacturing sector to help change our resources into finished products and supply jobs. When we export our natural resources we also export our job potential.

Because we have no significant private sector in most parts of the Territories, government has had to step in and serve as the engine of economic development. But government does not create new wealth. It only moves the existing wealth around. Thus, although we benefit

greatly from the role government plays, we are also vulnerable-- especially in a period of fiscal restraint.

Because most of our economy is controlled by "outside forces", we are limited in what we can do to improve our economy. International markets control the prices of both our renewable and non-renewable resources. As the "global village" becomes more and more of a reality, we are facing stiffer competition when it comes to marketing our natural resources.

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Over the years we have learned to expect competition when marketing our minerals and petroleum resources on world markets. But now we are also facing stiffer competition for our non-renewable resources. Fur farms based in the South are continually securing a larger share of the fur market. In the tourism areas, we find ourselves competing with other northern countries which also offer "an arctic experience".

Because we are not a province, our government does not have control over most of our land and natural resources. Thus our options to change our economy are limited. Though we should acquire more control over lands and resources when we sign the Northern Accord, it is uncertain when the accord will become a reality and how much real power and authority it will give us.

Our huge land mass, small population, severe climate and the relative isolation of many of our communities all present significant economic problems.

Because of the cost of construction and heating, it is far more expensive to build and maintain houses and facilities in the NWT than elsewhere in Canada. Our dollars don't go as far as they do in Southern Canada; a lot of them go up the chimney in smoke.

With a very limited road system, (and one that is completely inadequate as far as many residents in the West are concerned), we are forced to rely heavily upon air or sea transportation (in summer) to service most of the Territories. But distances are great and most air transportation routes have been developed North/South rather than East/West. Thus the cost of transporting both people and freight is extremely high. These high costs contribute to the high cost of living in all of our communities; they limit the potential for import replacements and inter-settlement trade and they place our businesses at a disadvantage with their competitors.

In addition to coping with the rigors of the northern environment, small business in the North must contend with a number of other problems.

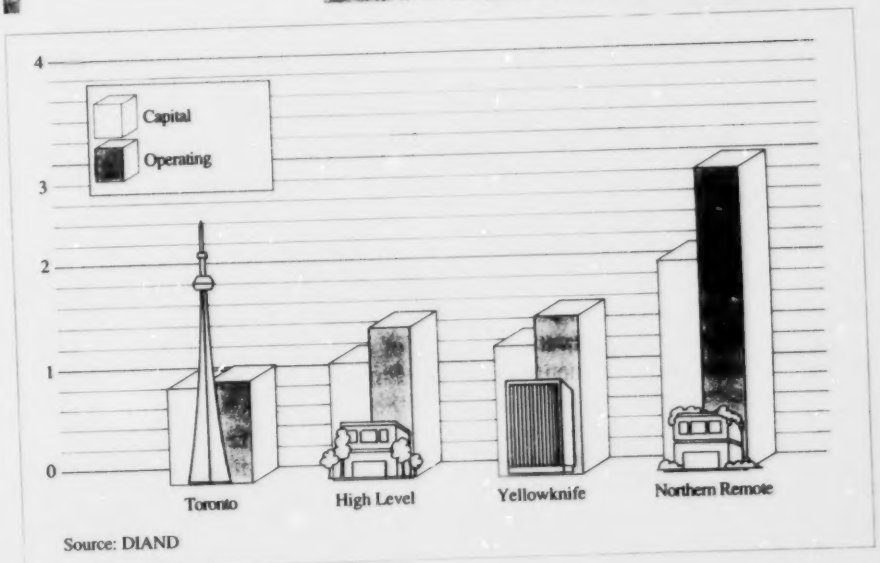
There is a serious shortage of trained staff and tradesmen. Many businesses are sensitive to the charge that they do not hire enough northerners. But, finding trained staff and tradesmen is a significant problem, particularly in some industries such as the construction industry.

Our schools are not producing enough people with the basic skills to take many of the jobs which are available. And we are not producing enough people with the more specialized skills required by government and some industries. As a result we continue to import skilled workers from the South, even in areas where there is very high unemployment.

Because of the high cost of doing business in the North, many northern businesses have great difficulty competing with Southern firms and companies. Either they are not big enough to get larger contracts, or they lack qualified staff, or they can't secure the necessary financing.

Because our banking system is so limited, (87% of the communities have no banking services) arranging necessary financing is a serious problem, particularly in the smaller communities. Many small businessmen are trying to establish lines of credit from banks which are many

COSTS—BUILDINGS



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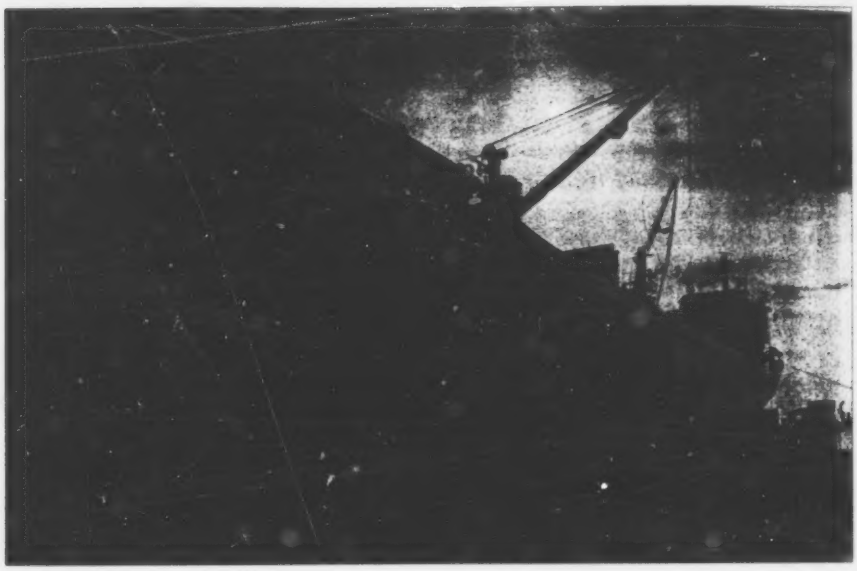

Iqaluit sea-lift.

hundreds of miles away. They have to carry on business without easy access to essential services—cheque cashing, handling payment for goods and services, transferring money, etc.—which most Canadians take for granted.

Problems with Government Policies and Programs

As expected, we received many complaints about the way government was dealing with the economy—particularly in relation to its policies and programs. We did not have the chance to investigate complaints on an individual basis. In some cases the criticisms were undoubtedly unwarranted. But in other cases, judging from the number of times we heard the same complaints, they were likely justified.

Though government has a number of policies to assist private sector development, some of them are missing the mark. In some cases civil servants don't seem to understand the policies; in other cases residents feel that civil servants are simply refusing to implement the policies.

For example, we received numerous complaints about tendering procedures: small companies complaining that their bids were not being taken seriously. There were also complaints about the Privatization Policy. We were told that government could switch much more work to the private sector, but that civil servants were reluctant to do so.

Though the government's Northern Preference Policy seems to work in some situations, it does not seem to work in others. There seems to be a problem with the definition of a "northern business". (We heard complaints about southern businesses qualifying as northern businesses simply by maintaining a post office box in the North.) Small businessmen in the Baffin noted that a 10% advantage simply did not respond to the realities of doing business in the Baffin, where costs were running more than 25% higher than in the West.

One key economic policy that has not worked well is the Native Employment Policy. Despite a commitment of millions of dollars between 1985 and 1989, the policy failed in its primary objective of significantly increasing the number of native staff. In 1989, the Native Employment Policy was replaced by the Affirmative Action Policy but, because of the lack of evaluation of the Native Employment Policy, the new policy does not seem to have a greater chance of success than the old policy.

Finally we heard countless complaints about too much bureaucracy and not enough regional decision-making.

There is a strong perception in many communities that Yellowknife is making all the decisions about what is needed at the regional and local level. There are constant complaints about the lack of consultation.

Many people feel that the Economic Development and Tourism bureaucracy is too cumbersome. It doesn't do a good job of explaining what programs are available. It takes too long to process requests for assistance. And, it does not do a good job of keeping people informed about the status of their applications. (We came across a significant number of individuals who did not know the status of their applications, or who had been turned down for funding and did not know why.)

There were frequent complaints about the amount of paper work required to apply for grants. It seems that for some programs at least, the application process is beyond the capabilities of the average citizen. (On several occasions small businessmen with college educations indicated that they had significant difficulty handling the paperwork.) There is a need to simplify the application process and to reduce the number of regulations and requirements.

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Finally, many communities feel that they are not getting adequate support at the local level. In part, this is because of the lack of services that are usually provided through the private sector: bookkeeping

assistance, financial services, personnel services, management consulting, auditing, etc. In part it is because of the confusion in the role of the Economic Development and Tourism field staff.

While some GNWT Business Development Officers (BDOs) and Economic Development Officers (EDOs) seem to be providing valuable assistance, others are having serious problems. In some cases they don't seem to understand their own department's programs. In other cases they seem to lack the "developmental expertise" to assist their clients.

We suspect that some field staff simply can't cope with the work load—especially when they are trying to cover a number of communities at the same time. (This arrangement is also unacceptable to many residents who feel a "drop in" service does not really respond to their requirements.)

There is a serious need to rethink the role of field staff—especially those working in underdeveloped communities. Many residents seem to want their own development worker reporting to their own community rather than a worker reporting to a government department.

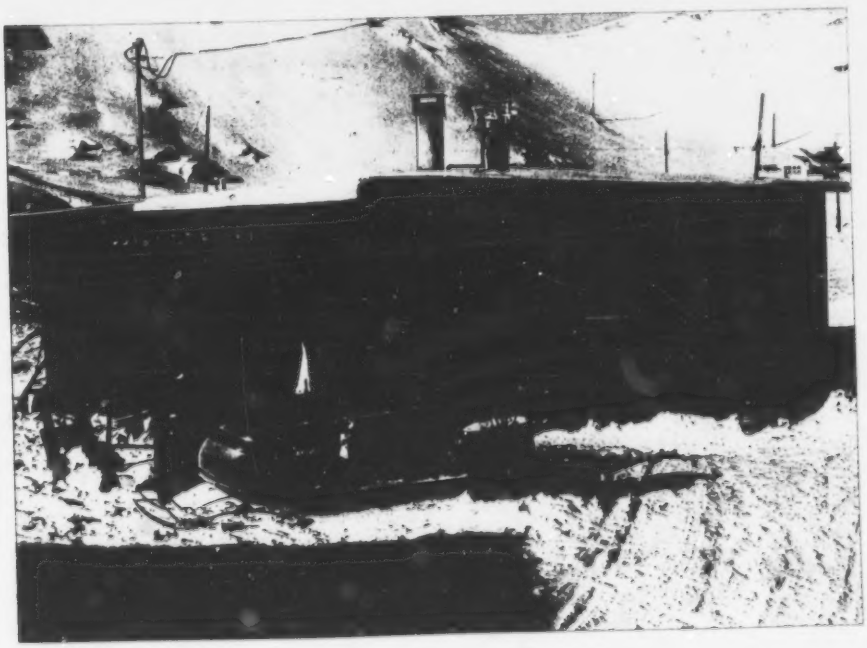
Social Problems

Finally, many residents recognized the close relationship between economic and social problems. They frequently stressed the need to attack social problems more directly.

Alcoholism and drug abuse were the problems mentioned most frequently. Employers, parents, community leaders, young people—everyone is concerned but no one knows for sure how to deal with them. We heard about the need for more programs, but we also encountered some scepticism about the effectiveness of existing programs.

In many communities the lack of adequate housing is a very serious problem with significant economic consequences. Often people can't move to communities where jobs are available because they cannot find a place to live.

The lack of affordable daycare is a significant problem for many women who want to work or to attend school. It also affects many younger school-age children who are pulled out of school to babysit younger brothers and sisters so their parents can work.



Better housing is one of our urgent needs.

Finally, we heard many general complaints about the welfare system. On the one hand, the welfare system is needed. In many situations people have no other source of income. On the other hand, it creates dependency and seems to stifle initiative. To complicate things further, some government policies seem to support the less desirable aspects of the system.

Alcoholism and drug abuse were the problems mentioned most frequently. Employers, parents, community leaders, young people—everyone is concerned but one knows for sure how to deal with them.

In communities starved for jobs and private sector development, why do we forbid running a small business out of a government-owned house? Why do we deduct what an individual might earn from a part-time job from his or her monthly welfare cheque? Why do we cut off federal or territorial benefits for those who wish to attend school or upgrading? Why can't we make the system more flexible so it will better support those who want to hunt and trap?

There is undoubtedly a serious need to review and reform the total welfare system. We cannot continue to automatically implement a system which fosters dependence upon government, rewards non-work rather than work, erodes self-confidence, and helps to kill the spirit of initiative.

In this chapter we have provided a profile of the NWT economy and discussed some of its strengths and weaknesses. As we shall now see, the strengths and weaknesses are not distributed equally throughout the economy.

A few communities are well developed and thriving. But many other communities are underdeveloped and their residents are struggling.

Arctic Bay

The Developed and the Underdeveloped Communities

At the beginning of our mandate, when we first started looking at how to develop an economic development strategy for the Northwest Territories, we wondered if the government already had a strategy.

We didn't want to re-invent the wheel; and we didn't want to fix something that might not be broken. So, we called in officials from the Department of Economic Development and Tourism and asked them two questions.

Does the Government of the Northwest Territories already have a basic economic development strategy?

If so, how well is the strategy working?

They told us that the government did indeed have a basic strategy. It was to *create economic development through business development*, especially small business development.

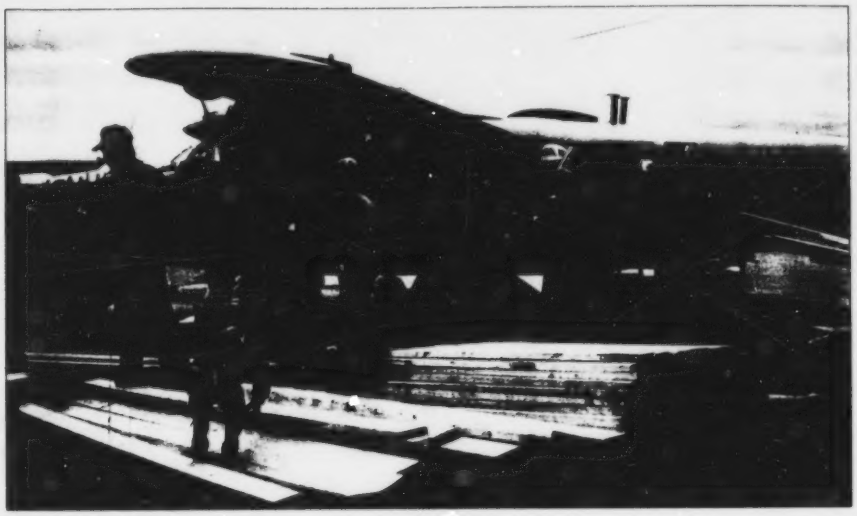
The government had been pursuing this strategy for a number of years. Most of the department's energies, programs, and resources were dedicated to business development—so much so that it has often been suggested that the Department's name be changed to "The Department of Small Business."

As to how well this business development strategy was working, departmental officials gave us a candid assessment. It was working well in some communities, they told us—the larger, more developed communities—but it was not working very well in the smaller, more remote communities.

We were puzzled. Why did the business development strategy work in some communities but not in others? And, if it wasn't working in the more remote communities, what kind of strategy would work?

As to how well this business development strategy was working, departmental officials gave us a candid assessment. It was working well in some communities, they told us—the larger, more developed communities—but it was not working very well in the smaller, more remote communities.

We decided to take a closer look at the economic characteristics of the two kinds of communities, and at the effectiveness of a business development approach as a strategy for creating economic development.



Good transportation links are vital to economic development.

Two Kinds of Communities: The Developed and the Underdeveloped

Since all the Members of our Committee are long-term northerners, we were not surprised to discover that there are differences among communities. What did surprise us, especially when we began to look at the economic characteristics of the communities, were the similarities between two distinct groups of communities.

In the NWT there are "developed communities" and "under-developed communities."

The Developed Communities

There are 7 developed communities:

Yellowknife
Hay River
Fort Smith
Inuvik
Resolute
Norman Wells, and
Nanisivik.

Though not identical in all respects, these communities share a number of common economic characteristics.

They are either regional centres (administratively, or for the purposes of commerce) or they are resource communities.

Most of them have better than average transportation links to the rest of the territories and the outside world.

They are among the larger communities either in terms of their actual population or their market potential. The first four communities have relatively large populations, the last three resource communities have markets outside the NWT.

They have viable private sectors.

In terms of jobs and wages, they have very low levels of unemployment (below the Canadian average) and very high salary levels (above the Canadian average).

Their residents tend to be either well educated or highly skilled. The large majority of residents have a Grade 10 education or more.

In terms of ethnic origin, their population is made up predominantly of non-native residents.

The Underdeveloped Communities

All the rest of the communities in the NWT—some 46 of them—can be classified as underdeveloped. They are mostly the smaller, more isolated communities.

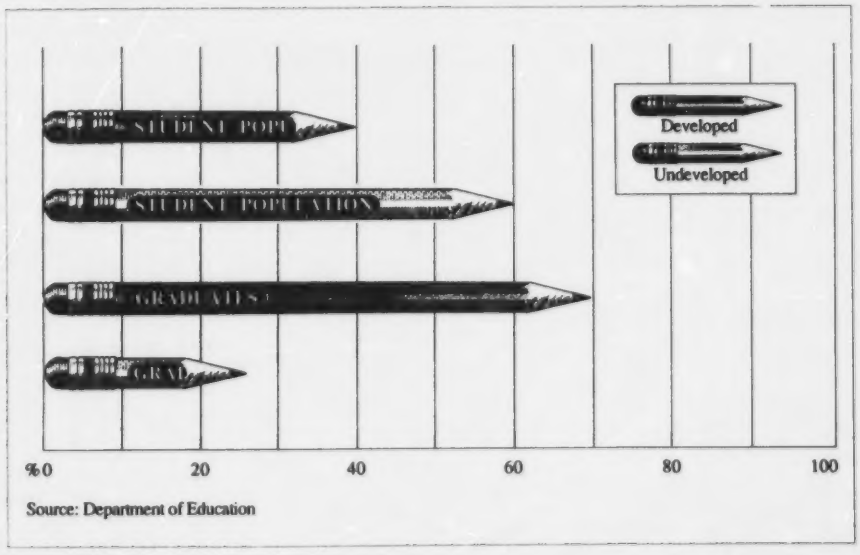
With a few exceptions, transportation links to the rest of the Territories and the outside world are extremely limited.

The underdeveloped communities have very limited market potential and, in most cases, do not have a viable private sector.

In terms of jobs and wages, they have very high levels of unemployment—much higher than the national average. Wage levels tend to be significantly lower than the national average.

Very few residents in the underdeveloped communities have completed high school and most have not completed Grade 10. There is a very

SCHOOL ENROLLMENT
And Graduate Comparison for Developed and Underdeveloped Communities (1987-1988)



Source: Department of Education

COMPARING THE DEVELOPED AND UNDERDEVELOPED COMMUNITIES

	Developed	Underdeveloped
Percentage of the total population	42.3%	57.7%
Community Size	larger	smaller
Transportation	relatively good	relatively poor
Ethnic Origin	mostly non-native	mostly native
Participation rate in the workforce	84%	58%
Unemployment rate	7%	27%
Salary Levels	very high	very low
Average Education Levels	Grade 10+	Below Grade 9
Private Sector	viable	very limited
Dominant Economy	wage	domestic

high illiteracy rate.

In terms of ethnic origin, the population of the underdeveloped communities is predominantly native.

Contrasting the Two Kinds of Communities

The difference between the two kinds of communities becomes quite obvious when we take the basic indicators of economic development and compare the developed communities with the underdeveloped communities, side by side (see box).

Some Qualifiers

In terms of their economic characteristics, the developed communities have much more in common with one another than they have with the underdeveloped communities. But we must be careful about taking the distinction too far.

Here are some qualifiers that should be kept in mind when making comparisons:

Though the residents of the developed communities are relatively well off when compared to the residents of the underdeveloped communities, not all residents of the developed communities are doing well economically. There are some significant pockets of unemployment, especially among native people. (Rainbow Valley and Detah in the Yellowknife area, the Hay River Reserve next to Hay River.)

When referring to the private sector, the term "viable" is a relative term. There are a number of businesses in the developed communities which are struggling and need help. They face the usual northern difficulties of high overhead, high transportation costs, lack of trained staff, and limited support services, especially financial services, etc. In like manner, there are some businesses in the underdeveloped communities which seem to be doing quite well. On the whole, however, there is a viable private sector in the developed communities. In the underdeveloped communities the private sector is either very small or almost non-existent.

The domestic economy: depending on the land.

Though the majority of communities seem to fit into one group or the other, there are a number of "swing communities" that seem to come closer to the dividing line.

They have very high unemployment rates. They also have significant populations and what the Department of Economic Development and Tourism calls "market potential". Several of these communities—most notably Iqaluit and Rankin Inlet—also seem to have energetic business organizations promoting private sector development.

(Because of this potential for private sector development, the Department of Economic Development and Tourism has created a separate category for these communities. Included within the category are Iqaluit, Pangnirtung, Baker Lake, Arviat, Rankin Inlet, and Rae-Edzo.)

Finally, though residents of underdeveloped communities live a much poorer lifestyle on the average than residents of the more affluent communities, the statistics fail to take into account the impact of the domestic economy. Native foods, firewood, and fur clothing have a significant economic value for many who are still living a traditional lifestyle.

Business Development as an Economic Development Strategy

Why has government's business development strategy failed as a viable economic development strategy in the underdeveloped communities?

There are four reasons.

First, *a business development strategy does not develop people*. It develops businesses. It assumes that people have the basic education and skills they need to take on the responsibilities of running a small business. But, as we have already seen, many people in the underdeveloped communities don't have the basic education they need to get

into small business. (We should note that there are some outstanding exceptions to this rule. But for the rare individual who proves to be the exception, there are many more who prove the rule and fail at business.)

Second, a business development strategy needs *people with an entrepreneurial tradition*. There must be a core group who know what it means to set up and run a business. They must have the required education, be fascinated by the challenge of running their own business, be willing to take risks and support one another, and be willing to live a lifestyle which is extremely demanding.

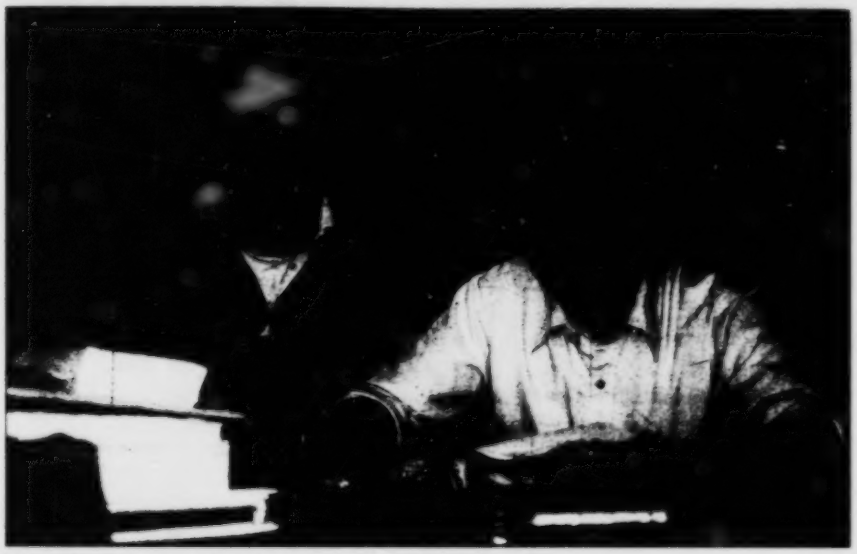
This combination is rare in the country as a whole. Despite all we hear about the rise of the new entrepreneurs, only about 8% of Canadians ever go into business for themselves. In small northern communities, among the native population, only about 3% have ever ventured in this direction. The lack of an entrepreneurial tradition is a real obstacle.

Third, to succeed, a business development strategy needs *the right combination of economic conditions at the local level*. Starting a small business is a bit like planting a crop. The soil must be fertile and the farmer must have the tools he needs.

Business development requires a fertile economic soil: a large enough population base to provide market potential, access to capital, access to business support services—especially financial services, and there must be economic opportunity. In many small communities these elements are simply not there. Thus, business development is not really a viable economic development strategy.

Fourth, *business development can't stand alone*. Even in the underdeveloped communities, it can be an essential component of economic development. But, it must be part of a more integrated approach—one that combines education, training, social services, development of support services, co-operation between the public and private sectors, coordinated approaches.

At times in the past, government has tried to develop some of the elements of a broader approach. One thinks of the Native Employment Policy, the Privatization Policy, various adult training programs, the Northern Preference Policy and so forth. Some of these policies have had problems in their own right. But never have they been pulled together, along with business development, as part of a comprehensive, integrated, economic development strategy for underdeveloped communities.



People development must be linked to economic development.

If these are the reasons why the government's business development strategy has failed to foster economic development in the more remote communities, they also help explain why the strategy has been much more successful in the developed communities.

The developed communities have a viable business environment.

They have a significant population to serve as a market base. They have a group of people with the required education and skills, most of whom share an entrepreneurial tradition. While integration might not be much better in the developed communities, the private sector often has the experience and political clout to create the necessary linkages.

In the next chapter of this report we will begin the process of developing the kind of long-term economic development strategy that can help the underdeveloped communities. But first, a brief look at the future.

Some of these policies have had problems in their own right. But never have they been pulled together, along with business development, as part of a comprehensive, integrated, economic development strategy for under-developed communities.

The Underdeveloped Communities in the Year 2001

What will happen if we fail to develop an economic development strategy for the underdeveloped communities? What is at stake in terms of the future?

During the course of our investigations, Dr. Colin Irwin, a social anthropologist from Dalhousie University, published a report on life in several of the underdeveloped Inuit communities. Entitled, *Lords of the Arctic: Wards of the State*, it painted a bleak future of Inuit society 40 years from now.

According to Dr. Irwin, "Most of the Inuit living in the Arctic in the year 2025 will probably be second-generation wards of the state, living

out their lives in 'arctic ghettos' plagued by increasing rates of crime."

While we do not necessarily agree with all aspects of Dr. Irwin's analysis, we were intrigued by his approach. One of the best ways of planning for the future is to create a vision of the future based upon present trends. So, we went to the GNWT Bureau of Statistics and asked them to do just that: to take the present situation, based upon the 1989 NWT Labour Force Survey, and project it forward to the year 2001. The chart below shows the results.

The Bureau of Statistics was quick to point out that their analysis is not a forecast. There has been no assessment of changing economic conditions, the population projections are based upon natural increase and assume zero net migration. But, the results are instructive.

At the very least, they say to us: "If we fail to develop a viable economic development strategy for the underdeveloped communities and let present trends continue, we can expect to see the following things happen:

- The underdeveloped communities will increase their share of the present NWT population from 57.7 percent to 62.5 percent by the year 2001.
- If the unemployment rate remains the same as it is now—27%—we will have to create 2,789 additional jobs in the underdeveloped communities by the year 2001.
- If we want to create the same level of employment in the underdeveloped communities that we now have in the developed communities—with unemployment at only 7%—we will have to create 5,747 new jobs in the underdeveloped communities by the year 2001.
- Finally, if we want to equalize the unemployment rate (at 7%) in the underdeveloped communities, and raise the participation rates from 58% to 84%, (the same as it is in the developed communities), we will have to create 11,396 jobs by the Year 2001—about 1,140 jobs per year for the next ten years.

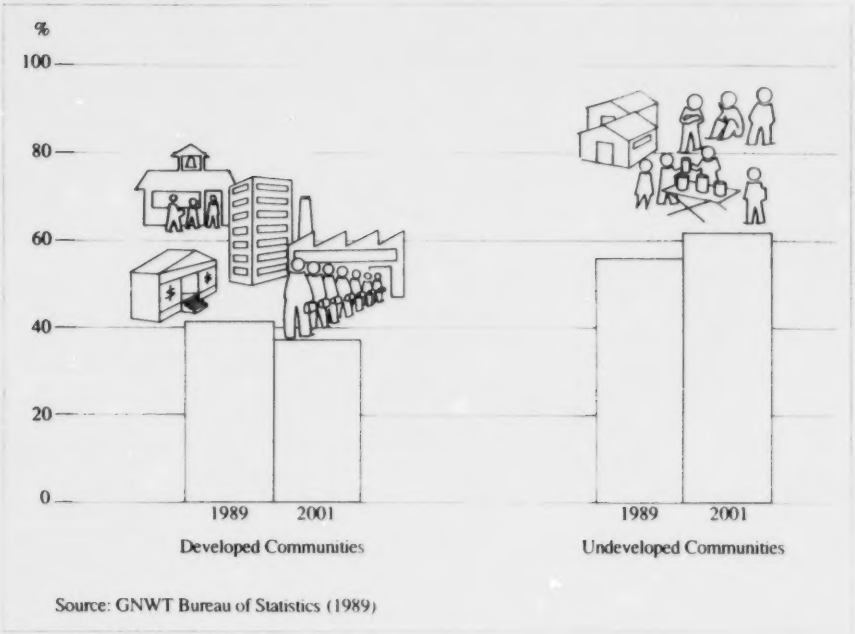
Though the future may not be as bleak as Dr. Irwin has predicted, our analysis tends to support his major

A STATISTICAL COMPARISON OF DEVELOPED AND UNDERDEVELOPED COMMUNITIES

	ACTUAL	ACTUAL	ACTUAL	EQUALIZED UNEMPLOYMENT RATE	EQUALIZED UNEMPLOYMENT & PARTICIPATION RATES
	Total	Developed Communities	Under-Developed Communities	Under-Developed Communities	Under-Developed Communities
Total Population	52,730	22,305	30,425	30,425	30,425
Percent of Total	100.0	42.3	57.7	57.7	57.7
Population 15 and Older	34,650	16,012	18,638	18,638	18,638
Labour Force	24,250	13,392	10,857	10,857	15,588
Employed	20,328	12,433	7,894	10,080	14,472
Unemployed	3,922	959	2,963	777	1,116
Not in the Labour Force	10,400	2,620	7,781	7,781	3,050
Unemployment Rate	16	7	27	7	7
Participation Rate	70	84	58	58	84
Additional Jobs Required	-	-	-	2,186	6,578
YEAR 2001 PROJECTED					
Total Population	66,514	24,940	41,574	41,574	41,574
Percent of Total	100.0	37.5	62.5	62.5	62.5
Population 15 and Over	42,750	17,527	25,223	25,223	25,223
Labour Force	29,919	14,659	14,693	14,693	21,096
Employed	25,080	13,609	10,683	13,641	19,290
Unemployed	4,839	1,050	4,010	1,052	1,806
Not in the Labour Force	12,831	2,868	10,530	10,530	4,127
Unemployment Rate	16	7	27	7	7
Participation Rate	70	84	58	58	84
Additional Jobs Required	4,752	1,176	2,789	5,747	11,396

ALL DATA ARE FROM THE NWT BUREAU OF STATISTICS 1989 LABOUR FORCE SURVEY AND POPULATION PROJECTIONS

POPULATION COMPARISON
Developed and Underdeveloped Communities 1989-2001



Source: GNWT Bureau of Statistics (1989)

thesis. There is a very large gap between the prosperous communities and the poor communities—*and the gap is continually getting wider*. The developed communities are getting more prosperous, and the underdeveloped communities are getting poorer.

In terms of an economic development strategy, the handwriting is on the wall. To paraphrase a proverb used earlier in this report, "If we do not succeed in creating a viable economic development strategy for the underdeveloped communities, we are going to end up where we are headed."

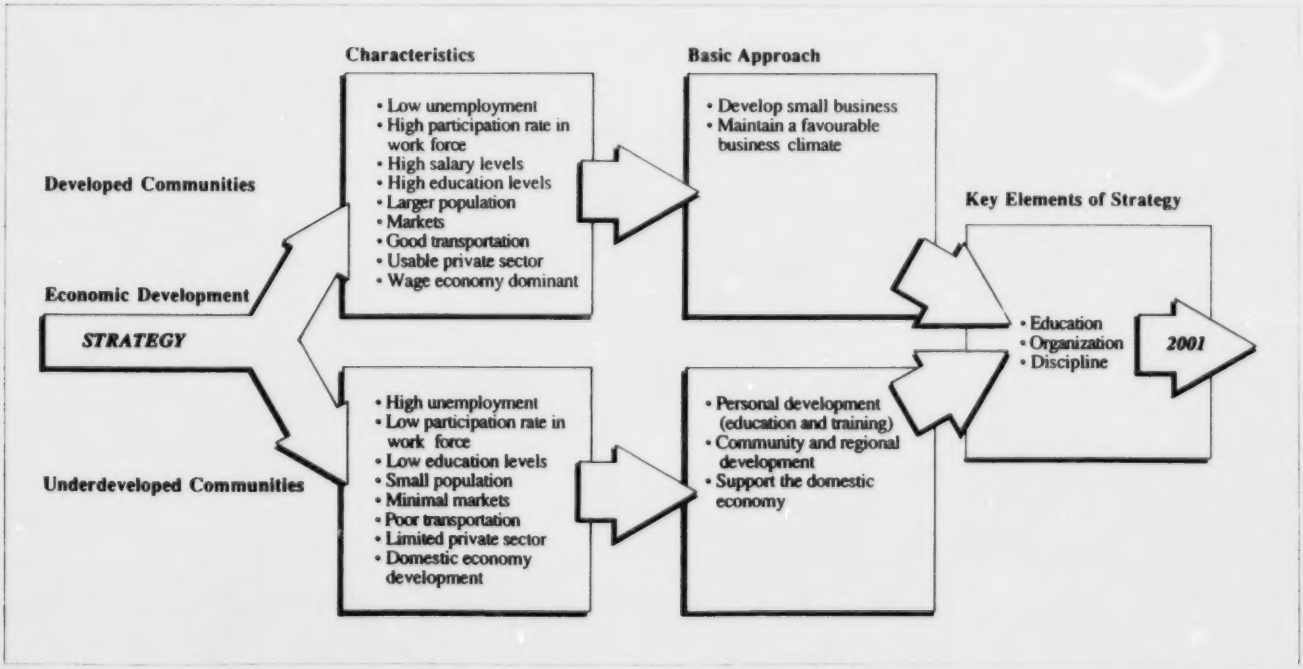
There is a very large gap between the prosperous communities and the poor communities—*and the gap is continually getting wider*. The developed communities are getting more prosperous, and the underdeveloped communities are getting poorer.

A Two-pronged Strategy

In terms of an economic development strategy, the Government of the Northwest Territories is now at a critical point in its economic history.

It has come to a fork in the road. Ahead lie two roads.

ECONOMIC DEVELOPMENT STRATEGY



One road is familiar and well marked out. It leads to the developed communities and is the road of business development. Government has been walking down this road for the past dozen years.

Because government must serve the needs of all its people, it must continue to walk down this road—in the company of the private sector, which it must urge to assume more and more responsibility. Its strategy for the developed communities must be *to promote small business development and to maintain a viable business climate*.

The other road is little more than a trail going off into the bush. It leads to the underdeveloped communities. But the way ahead is uncertain, unsure. On occasion, government has ventured down this road but it has never gone very far.

In the long run, concentrating upon the developmental needs of the under-developed communities not only helps these communities, it will also help the developed communities.

The strategy will reduce dependence upon government, create new markets, provide more trained people for the workforce, and help develop a broader tax base throughout the NWT.

This is a sort of no man's land. Government must build the road as it moves along it.

To succeed, government requires a long-term commitment. It needs to develop a new strategy based upon *personal development* through education and training, *community and regional development* through reorganization and power-sharing, and *cultural development* through support for the domestic economy.

Where is the Priority?

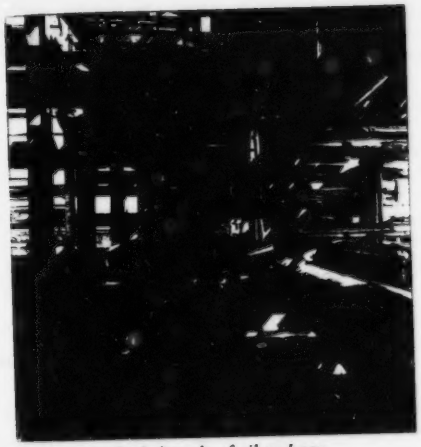
Though the overall strategy must respond to the needs of both groups of communities, the priority must go to the underdeveloped communities.

In the long run, concentrating upon the developmental needs of the underdeveloped communities not only helps these communities, it also helps the developed communities.

The strategy will reduce dependence upon government, create new markets, provide more trained people for the workforce, and help develop a broader tax base throughout the NWT.

But time is growing short.

Debunking the Myths



We must re-think the role of oil and gas development in our economy.

Debunking the Economic Myths

As soon as our Committee started asking people about how to improve our economy, we began to run into a number of economic myths—popular ideas that have grown up about our economy that many people believe are absolutely true.

The problem with economic myths is not that they are totally wrong. Some of them do have a basis in fact. The problem is that they usually represent an extreme position: they are touted as "*the answer*" to our economic problems.

Like huge boulders that have fallen down off the side of a mountain during a road construction project, they block the road ahead. If we don't deal with them—blast them out of the way—we keep having to go around them. We waste a lot of valuable time and energy trying to get around them (and people keep asking us why we didn't recommend this myth or that myth as a solution to our economic problems).

In the last chapter of this report you will be able to see what we are recommending as an economic strategy. In this chapter—Debunking The Myths—you will see *what we are not recommending*. Hopefully we can put these myths to rest once and for all.

1. In the NWT, the Private Sector Must Be the Engine of Economic Development.

In the rest of Canada, and in the rest of the non-communist world, the private sector is the engine of economic development. It creates new wealth. Government, as we have often been told, only moves old

THE ECONOMIC MYTHS

1. In the NWT, the private sector must be the engine of economic development.
2. The key to our economic development rests with the development of our non-renewable resources: minerals, oil and gas.
3. We must move people from the smaller communities to the larger ones where there is more economic potential.
4. The settlement of land claims will solve the economic development problems of underdeveloped communities.
5. The Government of the Northwest Territories should introduce a Guaranteed Annual Income.
6. The Government of the Northwest Territories is powerless to significantly affect the economy of the Northwest Territories.
7. Having economic policies is the same thing as having economic development.

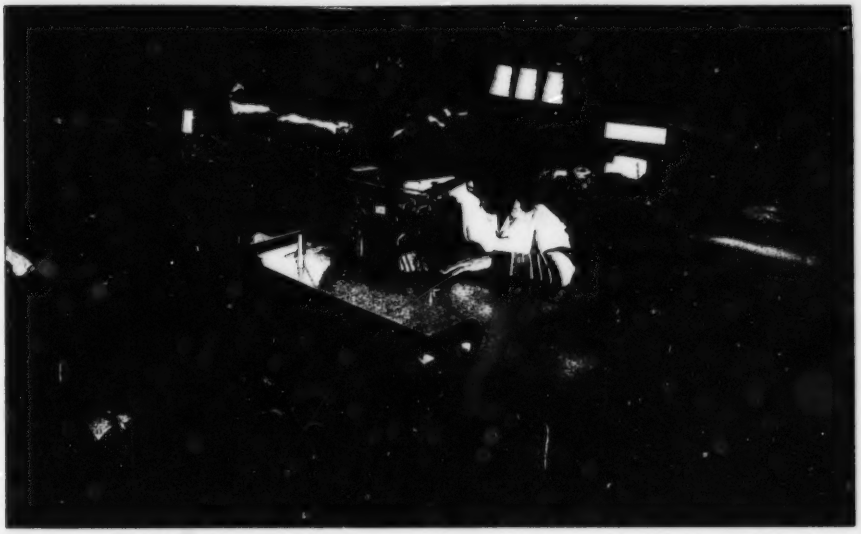
money around. But is this true in the North?

Is it true, as some would have us believe, that private enterprise is just standing in the wings, waiting for government to get out of the way?

Unfortunately it is not true, not now at least, and not in large parts of the NWT. It is a myth.

In the early 1980's the GNWT decided to put this myth to the test.

It decided to "privatize" a number of commercial enterprises that it created in the 1970's and had been running since then—sewing shops, parka shops, a sweater factory, a jewelry studio, etc.



Government must continue to support small commercial operations.

In underdeveloped communities, government must carry on the work of development. It must try to bring this work to a level where it becomes viable for the private sector to take over.

Though these enterprises were providing a good number of local jobs, they were not making a profit. Getting tired of subsidizing these operations, and convinced that privatization was the way to go, government tried to turn them over to the private sector. Unfortunately, the private sector did not jump into the breach. Government support was discontinued and the jobs were lost.

We can't blame the business community for not taking over. As we have seen, to succeed, business requires a certain combination of economic factors which will give it a fair chance to make an honest profit: available markets or market potential, access to capital and other financial services, a trained workforce, a favourable investment climate, and so forth. In many areas of the NWT, these factors simply do not exist. So, in these areas—and only in these areas—government, not the private sector, must serve as the engine of economic development.

But the role of government must always remain restrained, limited.

In underdeveloped communities government must carry on the work of development. It must try to bring this work to a level where it becomes viable for the private sector to take over. When there are viable opportunities for privatization it should consider privatization as a real option.

But government must not back away from the challenge of supporting small commercial operations, especially in underdeveloped communities—even though it may not feel comfortable with this role.

And it must learn not to overextend its stay. Ultimately, economic independence also means independence from government.

2. The Key to Our Economic Development Rests with the Development of Our Non-Renewable Resources: Minerals, Oil and Gas.

This one might be described as "The Great Canadian Myth".

Most Canadians, when they look at the North, see it as some huge reservoir of untapped natural resources. It is normal that they, and even some northerners, see the export of non-renewable resources as the basis of our economy.

The time will come, so the theory goes, when our resources will become increasingly valuable. People will flock to the NWT to exploit our resources. Government and industry will invest large sums on development of resources and infrastructure, and our northern economy will finally be established.

Unfortunately, the time already came, between 1977 and 1986, during the Beaufort Sea boom. But events didn't play out the way they were supposed to.

There were some benefits for a few northern companies able to secure small contracts and about $350 million was spent upon residential construction. But the long-awaited bonanza that would develop our northern economy never happened.

About $13.3 billion was invested in the NWT. Over $12 billion was spent privately; government spent $1.2 billion directly but paid out $4.3 billion to private companies in PIP grants (grants paid out by the federal "Petroleum Incentive Program" to encourage the search for gas and oil in frontier regions).

How did all this investment affect our economy? How did all this money help develop our economy?

It didn't help very much.

We discovered that modern technology—the helicopters, the jets, and the mobile camps—allowed people to live in the South but work in the North.

Our domestic economy has supported our people for generations.

Most of the money invested in northern projects flowed South to purchase goods required in the operations. We had a huge "leakage" problem. From 1977 to 1986, the value of goods and services flowing into the NWT exceeded by $11.4 billion the value of goods and services flowing out.

There were some benefits for a few northern companies able to secure small contracts and about $350 million was spent upon residential construction. But the long-awaited bonanza that would develop our northern economy never happened. Total revenues accruing to governments as taxes and royalties came to $3.5 billion; but nearly $4.3 billion was transferred to business as PIP grants. More money was going out than was coming in. In terms of ongoing economic development, the whole experience was but a large blip on our GDP graphs.

What did we learn from the whole experience? Two things.

First, when major resource development projects do occur, we must be better positioned to take advantage of them. We need trained people to secure their share of jobs and we need companies competent enough to get contracts.

Learning traditional ways.

Second, we learned to put to rest, once and for all, the Great Canadian Myth—that we can build a viable economic strategy around the development of oil, gas, and minerals.

At present, our government has little influence or control over the development of natural resources. That rests with the federal government. Though the proposed "Northern Accord" with the federal government should give us more of a say in the development of oil and gas, we are not sure how much of a real say we will have.

Though some of our non-renewable resources are abundant, they are "frontier resources"—hard to get at and expensive to develop. Their development will depend, more than anything else, on the one element that our government cannot influence—world markets.

Our domestic economy has sustained our people for generations and it shows no signs of suddenly dying away. It is one of the great strengths of our economy and we must continue to support it.

Non-renewable resources will continue to be an important element of our economy. We must position ourselves to be able to take full advantage of developments that do occur. But in terms of building our long term economic strategy around the development of oil, gas, and minerals... it is time to put the Great Canadian Myth to rest.

3. We Must Move People from the Smaller Communities to the Larger Ones Where There is More Economic Potential.

Sometimes, when the high cost of northern government is debated, proposals are made to shut down small "uneconomic communities" and move people to larger communities where we can attract more investment, create more jobs, and provide people with better services.

We call this the "Newfoundland

Resettlement Myth" (because, in the early 1960's the Newfoundland government moved thousands of people from the smaller outports to larger "economic growth centres"). The experiment failed and was abandoned by the end of the decade. The Newfoundland government discovered what our government knows full well—that people in the small communities have a very strong attachment to the land.

Our Committee was impressed by the strength of our traditional land-based economy. Historically, in other parts of the world, when traditional land-based economies have come into contact with newer wage-type economies, the land-based economies have soon died away. That is not happening in the NWT. Our domestic economy has sustained our people for generations and it shows no signs of suddenly dying away. It is one of the great strengths of our economy and we must continue to support it.

Claimants will do everything in their power to ensure that their resources are not used to free government from what claimants consider to be "government responsibilities" to native peoples.

There is no doubt that many of our smaller communities are experiencing serious difficulties. They lack a viable economic base, they can't provide the number of jobs required for their rapidly growing populations, and the land around them will not support an unlimited number of people who wish to hunt and trap. Nor, with their smaller populations, can government be expected to supply them with the same level of services that exist in the larger centres.

But this does not mean that we should phase out these communities. We must help individuals find work. Often this will mean helping them travel to where the work can be found. But we should not try to force people to move to larger communities where, theoretically, government can help establish a "more viable economic climate". Such a strategy would never work and it would create far more problems than it solved.

Government must find ways to support the traditional economy.

4. The Settlement of Land Claims Will Solve the Economic Development Problems of Underdeveloped Communities.

This is a myth of the first order. It is used by some people to try and remove from government the responsibility for the underdeveloped communities. "Don't worry about them," the argument goes. "With the settlement of land claims, native people will become wealthy and be able to look after their own needs."

Because this myth is so widespread, we commissioned a study, ***Coping With The Cash***, to examine the potential impact of a land claim settlement on the economy of the NWT. The findings of the study were instructive.

There is no doubt that settlement of the Dene-Metis and the Inuit claims will bring significant benefits to beneficiaries. But beneficiaries will not become wealthy.

It is uncertain how benefits received in the settlements will impact upon local and regional economies. The key factor will be how the beneficiaries decide to use their monies.

Some funds might be used to stimulate small local businesses. But a major problem confronted by other native groups that have settled claims in recent years has been the lack of viable investment opportunities in the settlement regions themselves. Given the uncertainty of investing in the North, NWT native groups are consistently being advised to invest elsewhere.

We do not know at this point what decisions beneficiaries will make, nor what the impact of these decisions will be on the economy. But we do know this: claimants will do everything in their power to ensure that their resources are not used to free government from what claimants consider to be "government responsibilities" to native peoples.

5. The Government of the Northwest Territories Should Introduce a Guaranteed Annual Income.

The myth of the Guaranteed Annual Income is one the most popular of the economic myths. The argument goes like this.

We will never be able to provide people in the underdeveloped communities with enough jobs or work. The more we try, the more expensive it gets. We just keep throwing money and services at them—trying to change a situation which is not going to change.

Carving is important culturally as well as economically.

The "smart solution" is to guarantee each and every individual in these communities an annual income. We send them a cheque in the mail each month—and we save the taxpayers millions of dollars on job creation programs, welfare staff, and other social services.

Though the concept of a Guaranteed Annual Income sounds good—especially from a financial viewpoint—it is not an acceptable "solution". It would destroy all individual initiative, divorce individuals and whole families from the dignity of work, and would create a whole generation of what Dr. Colin Irwin calls "wards of the state".

Rather than a Guaranteed Annual Income, let's sit down with the federal government and restructure all of our transfer programs so they help support economic development at the local level.

While we have no problem with some members of society receiving a guaranteed annual income (the old age benefits for the elderly are a type of guaranteed income—much deserved, we might add) we are opposed to providing such an income for able-bodied citizens. Such a program would reward people for not working, take away all incentives to work and create almost total dependence upon government.

A better solution, it seems to us, is to find much more flexible ways of supporting work in the local community. We need a hunter/trapper support program. We need a much stronger support program for artists and artisans. We need to provide support and incentives to adults and young adults who are going to school or taking training programs. We need to sponsor economic enterprises which create local jobs—even if they have to be subsidized.

Rather than a Guaranteed Annual Income, lets adapt the UIC and Social Assistance programs to make them more flexible. Better still, let's sit down with the federal government and restructure all of our transfer programs so they help support economic development at the local level.

6. The Government of the Northwest Territories is Powerless to Significantly Affect the Economy of the Northwest Territories.

At certain times during our review of the economy we encountered a great deal of scepticism about government's ability to significantly improve the economy (and about our ability as a Committee to make recommendations that will help government improve the economy). The argument was always the same: government can't do anything about the development of natural resources because their development is controlled by international markets. And it can't do much about the underdeveloped communities because the GNWT either lacks the authority (because it is not a province) or it lacks the resources (because the federal government is more concerned with reducing the federal deficit than with developing the North).

Of course, we disagree. We think this myth should be put to rest just like the rest of them.

It is true that our government cannot work short-term "economic development miracles" in the underdeveloped regions. But, if it takes the right steps, it can help make significant economic improvements.

Why? Because economic development does not rest primarily upon what government does, or the resources it has to do it with. It rests essentially upon what people are willing to do for themselves. As E.F. Schumacher has noted in words that we used as the preface of this report, economic development rests primarily upon education, organization, and discipline.

Our government does have some influence in these areas. It can play a key role in motivating people to want to change their own lives for the better.

7. Having Economic Policies is the Same Thing as Having Economic Development.

A wise teacher used to always say to his students, "The map is not the territory." It was his way of pointing out the great difference between our image of something—what we have down on paper in words or drawings—and what actually exists "out there in the real world."

We thought of this example when we looked at some of our government's economic policies and programs.

Governments can easily confuse "having a policy" with having what the policy is supposed to produce. Often the policies are just "the map"

pointing out what government would like to do. They may be completely out of touch with reality.

We found many examples where the public—and even the public servants responsible for implementing the policies—did not understand government economic policies, nor know how they should be implemented.

We also found examples where government itself was not sure of the impact of certain policies—even though the policies had been in place for a number of years. This was certainly true of the Native Employment Policy and the Privatization Policy. It was also true of a number of economic development programs which flowed from economic policies.

Government has to do a much better job of developing policies—through careful policy analysis—and then, once the policies are in place, of explaining them to the public and to its own public service.

It is a myth that having economic policies leads to economic development. In some cases it may, in other cases it may not. What's needed, it seems to us, is two things:

First, government has to do a much better job of developing policies—through careful policy analysis—and then, once the policies are in place, of explaining them to the public and to its own public service.

Second, government must develop a much better system for monitoring policies and evaluating them on a regular basis. Without such an evaluation system, it is simply too easy to believe in the myth that having a policy is the same as developing the economy.

In this chapter, we have taken a look at some of the myths—the obstacles on the road to a long term economic development strategy. Now we will turn to some of the trends.

The trend toward high-tech will continue.

Trends

How can we ensure that the economic development strategy we are developing will stand the test of time—that it won't suddenly become outdated by future events?

We can't.

What we can do is take a look at some present trends and project them into the future. This will give us some ability to anticipate future impacts and take appropriate action.

In some cases, when our analysis reveals that a present trend will jeopardize our economic future, we can try to design our strategy to block and, if possible, reverse the direction of the trend. This is not always easy, for, as John Naisbitt has noted, "trends, like horses, are easier to ride in the direction they are already going".

In other cases, where a trend might support future economic development, we should try to "ride the trend"—go with the flow. A strategy that is in tune with current trends has a better chance of succeeding because it gets pushed along by the momentum.

"Trends, like horses, are easier to ride in the direction they are already going."

In this Chapter, we will examine some of the major trends and try to anticipate their economic impacts upon our future.

Population Projections

As we saw in the last Chapter, the native population, most of it living in the underdeveloped communities, is growing at three times the national average. If the present rate of growth continues, and there is no reason to assume that it will not, most underdeveloped communities will continue to have great difficulty coping.

Population increase alone would not be a serious worry—if government could dramatically increase its present level of services, particularly housing and jobs. But it can't.

Most communities are already facing a serious housing shortage. At present, we are building only about 300 new housing units a year. Since some of these units have to replace existing units which are inadequate, demand is steadily outstripping supply. Many of our communities are already overcrowded. In another ten years, most of them will be bursting at the seams.

As we have already seen, the job situation looks even worse. There is no way we will be able to provide the number of jobs we need in underdeveloped communities to handle the increasing numbers of young people entering the work force each year. One sure sign of trouble—the numbers of people on the social assistance rolls. At present, our welfare costs come to about $19 million a year. *This is double what it was just five years ago.*

A SUMMARY OF MAJOR TRENDS

1. The population of the underdeveloped communities is growing at three times the national average.
2. The majority of native students are dropping out of school before completing Grade 10.
3. The Government of the Northwest Territories is entering an extended period of fiscal restraint.
4. There is a change in the nature of services. Increasingly, services will be provided by non-government organizations.
5. There is a steady trend towards regionalization and regional development.
6. The federal government will continue to devolve services to the GNWT. Inter-governmental co-ordination will become much more difficult.
7. The trend toward the use of more sophisticated communications technologies will continue.

Over the next decade, we are facing the alarming prospect of having many small, over-crowded communities with a very young population, few jobs, and almost total dependence upon welfare.

What can we do?

One alternative is to promote migration. In all other depressed areas of the country, and of the world, for that matter, people leave the areas of unemployment to seek jobs in the more prosperous areas. We will need to promote the same concept here. But there is a "Catch 22".

To leave one area and find work in another, people must take with them a basic education and some work skills. These are what open the door to a job. Without these, migration is not possible.

If our people are going to have any chance of finding work elsewhere, we are going to have to do something about one of our most serious problems—the school drop-out rate.

The School Drop-Out Rate

In the Northwest Territories, the school drop-out rate is very high, especially among native people. Only 5% of native students who start school graduate from high school.

While 80% of non-native students complete Grade 10—the minimum education level required to get most entry level jobs—the success rate in completing Grade 10 is much lower for native people: 60% for Metis, 30% for Dene, and 20% for Inuit. Given these kinds of figures—and they are consistent over the past five to ten years—it is not surprising that among native people the functional illiteracy rate in English (less than a Grade 9 education) is about 74 percent.

In the past, a life of hunting and trapping could compensate for the lack of a basic education. Not any more.

The success rate in completing Grade 10 is much lower for native people: 60% or Metis, 30% for Dene, and 20% for Inuit. Given these kinds of figures...it is not surprising that among native people the functional illiteracy rate in English (less than a Grade 9 education) is about 74 percent.

The average trapper in the NWT only earns about $2000 a year and most trappers must hold a part-time job to raise the cash to pay for their equipment. Very few of today's young people see hunting and trapping as a full-time occupation.

While hunting and trapping will continue to be a viable source of income for many of our residents, they cannot support the large numbers who continue to drop-out of the school system at levels which have not prepared them adequately for wage employment.

We have an impending crisis on our hands. In terms of developing a viable economic strategy for the future, we can think of no single initiative more important than reversing the school drop-out rate among native people.

Fiscal Restraint

Over the past four years, since the signing of the formula financing

Reading - an essential skill for the workplace.

agreement with the federal government in 1985, the Territorial budget has increased by about 44 percent. The next four years will be very different.

The Territorial Government, according to a recent comment from the Minister of Finance, is about to be hit with a "double whammy!"

The number one priority for the federal government is to reduce the federal deficit. In present negotiations, the federal government is threatening to reduce our funding base—arguing that the GNWT must raise more of its own funds through taxation.

Secondly, there is now no doubt that the introduction of the General Sales Tax in 1991, will have a harmful impact upon the NWT, where the cost of living is already the highest in the country. Our government must be prepared for an extended period of fiscal restraint. Meanwhile, expectations of our citizens will continue to outstrip available resources.

People at the community level have wanted a greater say in the design and delivery of services. There has been, for many years, a trend away from institutional-type services to community-based services—because they are generally more effective. And it is often less expensive to provide services on a "contract out" basis than for government to provide the services itself.

What will fiscal restraint mean for government? What it always means to all governments.

The GNWT will have to learn to do more with less. It won't have the dollars for any expensive new initiatives, including initiatives to develop the economy. It will have to develop its ability to evaluate so it can switch money from less productive programs and services. And, it will have to re-think its role as a service provider.

Preventing health problems through education costs less.

Change in the Nature of Services

Since government's impact upon the economy is felt chiefly through the wide range of services it provides, it is important to note and assess trends in service delivery.

For the past two decades, the GNWT has concentrated on developing a solid base of core services at the community level: schools, social services, some health care services, municipal services. Most of these services are now in place.

Now we are entering a second stage of service delivery—the development of a whole range of support services to complement the core services. Most of these services are provided by non-government organizations (NGOs) through some kind of "contracting out" or purchase-of-service arrangement.

In some cases, the new services were first developed within government and then responsibility was transferred to some other authority (Examples: the transfer of Social Services to the Town of Frobisher Bay in 1981; or the transfer of schools to regional boards). In other cases, the services were developed "outside government" to complement the core services. (Social services is the classic example. There are a wide range of foster homes, group homes, alcohol programs, safe houses, day care centres, homes for the elderly, and so forth—all of which complement the core services and create a "network of care".)

The reasons for the development of these kinds of services are diverse.

People at the community level have wanted a greater say in the design and delivery of services. There has been, for many years, a trend away from institutional-type services to community-based services—because they are generally more effective. And it is often less expensive to provide services on a "contract out" basis than for government to provide the services itself.

This trend will undoubtedly continue. With its concept of "Prime Public Authority" (which makes the local municipality the key "agency" for the co-ordination of services), the GNWT has indicated its desire to decentralize even more service responsibilities to the local level.

We can also expect to see a change in the service emphasis. Because of the rapidly rising costs of health care and social services, we will likely see a much greater emphasis on prevention and health education: programs to combat alcoholism, smoking, poor nutrition, sexually transmitted diseases, illiter-

acy, and so forth.

What will all of this mean for government, especially in the smaller communities?

As we move into a new "service environment", the role of government as service-provider will change. It will move away from providing direct services for people, to helping people provide services for themselves.

It will be called upon to develop and co-ordinate "service networks" made up of government and non-government service organizations. There will be a much greater demand for government employees to take a developmental role: training staff and boards in NGOs, helping set up administrative structures, developing new vehicles for co-ordination and co-operation, etc.

Since these new types of services will depend upon government for funding and other types of resources, the GNWT will find itself spending much more time developing standards and criteria, evaluating performance, developing information systems which are shared by NGOs, and creating "co-operative" links between the various "nodes" of the service networks.

The adjustments required of government to adapt to the new service environment will not be easy. Government will have to provide more consistent leadership. It will have to spell out its priorities and objectives much more clearly than it has done in the past.

Decision-making will have to be decentralized. The structure of government will change—away from the hierarchical pyramid to a more flexible structure (see box). There will have to be greater co-operation and co-ordination among departments and departments will have to become more comfortable working co-operatively with private sector agencies.

Regional Development

Over the past decade, there has been a gradual but steady trend towards regional development and the creation of regional structures.

FROM THE HIERARCHICAL PYRAMID MODEL. . .

All GNWT departments are organized according to the "hierarchical pyramid" model.

Originally developed in the 1920's by Alfred Sloan, President of General Motors, this model combined a centralized policy-making and financial control system with a decentralized operating system. Sometimes called a "command and control model", the hierarchical pyramid has a military-type chain-of-command, and control features built into each successive level of bureaucracy.

In time, the hierarchical pyramid was borrowed by governments and today, it is the basic model for all government departments.

When the GNWT was transferred from Ottawa to Yellowknife in 1967, our government adopted the model from the feds, holus-bolus, no questions asked. It has two features which were especially appealing.

It made our departments look like provincial government departments, and it highlighted the concept of ministerial authority. The minister was at the top of the pyramid, sending his orders down through the system. Information for decision-making was coming up through the system to the minister and his senior managers.

Unfortunately, the hierarchical pyramid model has never worked very well in the NWT—not for government departments serving over fifty-thousand people, from different cultural backgrounds, living in some sixty small communities, spread around a landmass the size of India.

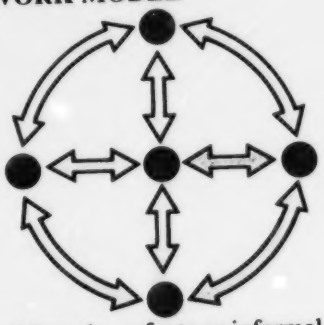
Today, in the private sector, organizational structures are becoming flatter, whole levels of middle managers are disappearing, and more authority and responsibility is being decentralized to semi-autonomous management units linked together by computer. The hierarchical pyramid is giving way to the network model.

The NWT has responded to this phenomenon with a great deal of ambivalence. But, the trend will undoubtedly continue and will have to be dealt with constructively.

The federal government, through the department of Indian Affairs and Northern Development (DIAND), established most of the present regional boundaries for the purposes of administration. At the time of the transfer of responsibilities from Ottawa to Yellowknife in 1967, the GNWT inherited these boundaries and the administrative structures that went with them. In the early 80's, the GNWT created one more region—the Kitikmeot.

For each region, there is a regional director who represents the

. . . TO THE NETWORK MODEL



The term "network" used to refer to an informal mechanism--contacts which one could call upon when the formal channels got blocked. Today, while the term still refers to different parts of an organization in contact with one another, it now refers to a ***formal mechanism***. Parts of an organization are linked together by computers which provide instant access to organization-wide data bases.

The symbol of the network model is the wheel with spokes joining the outer rim to the hub, or the atom with its electrons whirring around the nucleus. As a departmental model, it seems tailor-made for the requirements of the NWT. And, ***it is consistent with the principle of ministerial government.***

It would reduce the levels of bureaucracy. It would shift real authority and decision making from the centre, Yellowknife, to regions and local communities. This would make it much easier for local residents to participate in the design, development and delivery of services.

It would also make regional managers real managers--rather than simply channels of information to headquarters. (Peter Drucker has called these kinds of middle managers "relays--human boosters for the faint unfocused signals that pass for communication in the pre-information organization.")

Because of its flexibility, the network model would make it possible to set up regional and local service networks. Government departments, municipalities, native organizations, community organizations, would be linked together around the same information base.

Finally, the network model would help destroy the myth that authority always has to come "down from the top". It recognizes the reality: that the best decisions are made by those closest to the action. This is especially true today in our technological age when, say, the managers on Baffin Island can switch on their computers and have instant access to the same data base the deputy minister is using a couple of thousand miles away in Yellowknife.

department of the Executive. From the mid-70's to the mid-80's, the regional directors had considerable authority. But, as ministerial government continued to grow and develop, the role of a strong regional director was seen to be in conflict with the principle of Ministerial Government. In 1986, the role of the regional director was "downgraded" to the role of a regional co-ordinator.

In 1977, a group of Baffin communities organized themselves into the Baffin Regional Council. Over the next decade, similar structures (regional councils and regional tribal councils) began to appear in each of the other regions. (In some cases, the boundaries of some newer regional councils do not correspond to the GNWT's regional administrative structure—which creates some additional confusion.)

Over the years, the GNWT has supported regional bodies financially, but it has had some real concerns about them.

There has always been a worry that regional councils will try to secure real legislative authority and become "regional governments". The GNWT believes that such a move could diminish ministerial authority within the GNWT and threaten the credibility of the government itself.

There is also a very real concern that regional councils will duplicate already existing services and be very costly to maintain.

For almost a decade, since the founding of the Baffin Regional Council, the debate about the role of regional bodies simmered. It came to a boil on November 4, 1988. The Executive tabled three documents in the Legislative Assembly: the *Report of the Regional and Tribal Councils Review Co-ordinating Committee;* the Government's response document, and, *A Discussion Paper on Political and Constitutional Development in the Northwest Territories*. It is clear from reading the documents that the Executive is not in favour of the further development of regional "political structures"—especially regional and tribal councils.

Meanwhile, government has not had the same problem with "non-political" structures. Over the past several years we have seen the development and promotion of regional boards of education and regional health boards.

Two developments with significant implications for the future have been the "Policy on Prime Public Authority" (PPA) first articulated in the 1987 policy statement, *Direction For The 1990's* and "Transfer Policy" promulgated in February of 1988. Both policies are designed to help devolve authority and responsibility from the NWT to local governments. They are also significant in that they completely by-pass the regional level. They are designed to

Land claims settlements will introduce a new era.

create a partnership between central government and local government, thus removing the need for regional government.

Will the trend toward more regional development continue? All the signs indicate that it will.

The settlement of land claims will place a much greater emphasis upon regional development—because land is physically located in particular regions. With claims settlements, we will see the development of regional structures, some of them designed to properly manage the lands and their resources, others to provide services to beneficiaries.

Even now, as claims negotiations progress, we are hearing more and more about "self-government". Given the link between concepts of self-government and the land, new forms of public government in the NWT will undoubtedly have a very strong regional emphasis.

The further development of local services—including municipal services—will require the use of regional support structures, even with the concept of Prime Public Authority.

During our community visits, we found many municipalities thoroughly confused about the concept of Prime Public Authority. Government has not yet spelled out what the concept means nor how municipalities are to implement it. But even if the concept does take hold, it will only serve to promote the need for regional structures. Given the present problems many municipalities have in delivering municipal services, they will be unwilling to take on more responsibility without the assurance of a strong regional support base: help from people they trust. This, of course, was the original intent of regional councils—to help strengthen and support local governments.

The trend towards more regional development is inevitable. It has deep roots and it will not go away. Government must recognize this. It must not straight-arm regional development for fear of regional government.

Since every local community cannot have a total range of services, the best way to improve local services is to share the more specialized services on a regional basis. This is true whether we are talking about sharing people—the speech therapists, nutritionists, alcohol specialists, technical planners, wildlife biologists—or developing more specialized regional treatment facilities.

Finally, as we have travelled from community to community, we have become increasingly aware that economic development, especially for the "smaller" communities, will have to be regionally based.

The Territories are huge. Each region has its own unique needs, many of which may not be shared by other regions. (Fort Smith Region is concerned about a forestry and farming policy, which is of no interest to the Baffin Region. The Baffin Region, on the other hand, is interested in an off-shore fishery, which is of no interest to the people in the Fort Smith Region.)

Given the natural regional focus of most economies, it is impossible to develop them centrally, on a sectoral basis, from Yellowknife. A regional approach, built around regional economic development planning, has become an absolute necessity.

It is not our intent as a Committee to become embroiled in the question of regional government. The issues are indeed complex, and well beyond the scope of this report. But we do want to make this point:

The trend towards more regional development is inevitable. It has deep roots and it will not go away. Government must recognize this. It must not straight-arm regional development for fear of regional government. It must examine its own regional priorities and determine the kinds of structures that will help it meet those priorities.

Federal-Territorial Relations

Since the publication of the federal government's *Northern Political and Economic Policy Framework*, trends in inter-governmental relations have been much clearer. We can see where the federal government wants to take the Territorial government; but we don't know what will happen when they get there.

The framework document outlines four inter-related objectives.

- transfer to the Territories of provincial-type responsibilities still held by the federal government
- economic development
- settlement of land claims
- Arctic sovereignty.

For the purpose of this document, the first two are of special interest.

The role of government as service-provider will change. It will move away from providing direct services for people to helping people provide services for themselves.

The Committee in Clyde River.

Over the past few years, the federal government has transferred most provincial-type programs to the Territorial Government. The most recent GNWT "acquisitions" were health services and the Northern Canada Power Commission. At present, the devolution process seems to be on "hold" pending the settlement of land claims.

An essential element of the devolution process was the signing of an Agreement-in-Principle on a Northern Accord. This Accord, to be negotiated over the next few years, outlines the principles for joint management and revenue sharing.

It will transfer legislative responsibility for managing and regulating on-shore oil and gas resources, provide for consultation on all significant decisions affecting oil and gas in the Territories (including the off-shore), commit the federal government to the future legislative responsibility for the regulation and management of off-shore northern oil and gas resources, and provide for the sharing of oil and gas revenues.

Lest anyone get excited about windfall revenues for the GNWT once the Accord is finalized, the Agreement in Principle notes that once revenues from gas and oil become available, federal contributions through the formula financing agreement will be correspondingly reduced.

Though it may have limited financial benefits, the Northern Accord is important politically and constitutionally. It gives the GNWT more control over resources, and, in this respect at least, makes us more like a province.

Devolution and the Northern Accord may bring the GNWT significant benefits. But there is a flip side to the coin.

Though the federal government is undoubtedly concerned about the development of the North, it has another reason for devolving the Northern programs. They have become much too expensive to operate—especially for a government that is so committed politically to reducing the federal deficit.

There will be economic progress if devolution brings with it the money required to operate these programs over the next decade. But what if it is a Trojan horse full of expensive programs that we gladly accept only to find later that they destroy us from within? There is another major concern—and here the trend is not clear. How will the federal government foster economic development within the Northwest Territories after devolution is completed, land claims are settled, and the "Northern Side" of DIAND is out of the picture?

For many years DIAND has played a coordinating role for federal departments working in the North. It was the lead agency, and was supposed to provide a "single window" approach. Though it has always had difficulty performing this role, the role was an important one. It is extremely difficult for a very small jurisdiction like ours to have to deal on an individual basis with a wide range of very large federal departments.

What are the federal government's plans for a "lead agency" to co-ordinate federal initiatives in the North—especially economic development initiatives?

They don't seem to have any. Instead, the responsibility to maintain the "federal presence" (especially in terms of direct services for aboriginal peoples) seems to be split up among a number of existing departments presently hovering around the northern carcass.

(A good example is the recently announced Canadian Aboriginal Economic Development [CAED] strategy. While the Inuit and Indian Affairs side of DIAND still plays a role, the major federal players are the Department of Industry, Science and Technology [ISTC] and the Canadian Employment and Immigration Commission [CEIC].)

While the Territorial government will be pleased to see a reduced role

for the Department of Indian Affairs and Northern Development in determining the northern agenda, there will be some cost. The diffusion of federal responsibilities among departments with little knowledge of the North and no direction to develop a coordinated approach to economic development, creates a new set of problems.

The Technological Revolution

As we travelled throughout the Territories, we found computers and fax machines in even the most remote communities. Undoubtedly the trend toward the more sophisticated use of communications technology will continue. The only question is whether we, as government, will be able to take advantage of what technology can offer us.

Because of extreme distances and the remoteness of many of our communities, we are spending millions of dollars each year on communications equipment, computers, fax machines, travel, workshops, training programs, and so forth. Yet, though we have made some progress in areas like the development of computerized information systems, we are still in the early stages of developing a co-ordinated approach to the use of communications technologies.

Some provinces have pioneered the use of new approaches. British Columbia is a leader in the use of television for distance learning: teaching students in their own homes. Alberta has linked many communities through the sophisticated use of tele-conferencing. For more than a decade, Newfoundland has been using a range of technologies to link the outpost nursing stations to the larger urban medical centres.

Though there have been some small similar initiatives in the Northwest Territories (some years ago Arctic Co-ops made extensive use of tele-conferencing to train managers), our experience in this area has been quite limited.

The trend towards the use of more sophisticated technologies will continue. Our needs in the area of education, administration, and communication will continue to grow. It makes sense to find ways of linking our needs to the improvements in communications technologies.

In this chapter we have looked at some of the present trends and their potential impact upon our economy. In some cases—such as the school drop-out rate—we have an urgent need to reverse the trend. In other cases we need to "ride the trend"—to use it to help improve our economy.

In the two remaining chapters we will use our knowledge of present trends to help construct our guiding principles and our recommendations.

THE NORTHERN ACCORD

In September 1988, the federal and Territorial governments signed an Agreement In Principle (AIP) on a Northern Accord. The Accord --to be negotiated over the next few years--will cover the management of oil and gas development and provide for revenue sharing between the two governments.

The purpose of the Accord: to provide a stable and fair regime that will encourage industry to develop the North's resources.

The Northern Accord will protect the rights and interests of native people flowing from any claims agreements.

The AIP spells out the deal's major provisions:

- transferring to the GNWT legislative responsibility for managing and regulating on-shore oil and gas resources,
- consultation with the Territorial government on all significant decisions both on-shore and off-shore,
- sharing legislative responsibility for the regulation and management of off-shore northern oil and gas resources,
- sharing oil and gas revenues.

Though the Northern Accord may eventually bring some financial benefits to the GNWT, no one is holding their breath. Significant oil or gas developments are a number of years away. And, the Accord contains a "Catch 22": when revenues do start to flow to the GNWT, the level of federal funding under the Formula Financing Agreement will be reduced.

The real significance of the Accord is that it gives the GNWT something that it has long wanted and never had because it is not a province--some kind of real control over and ownership of resources.

The two governments have not made any progress negotiating the Accord since the AIP was signed two years ago. Things appear to be on hold until the present land claim negotiations are completed.

Development must reflect the spiritual and cultural values of the people.

The Guiding Principles

We've all watched a survey team lay out a road through the bush.The first thing they do is walk around and study the terrain. They want to avoid the bogs and swamps. They try to find a way through the hilly terrain rather than have to go up and over. They look for places where the foundation is solid.

Then they do the surveying. They measure and lay out a route, marking it carefully so that the construction company building the road will know exactly where to build it.

In the last two chapters, we surveyed the terrain. We sorted our way through and around some of the obstacles (the myths) and we studied the contours of the land (the trends) to get a good idea of the best route.

In this chapter, we will begin to lay out the route. Our markers will be guiding principles.

The Purpose of the Guiding Principles

The guiding principles are the "starting points" upon which we think the government should build a long-term economic development strategy.

But they are more than just starting points.

Once the principles have been put in place, they should be maintained—just as the survey markers and map coordinates are maintained. They serve as a continual reminder of where the road should be going. They are especially valuable when parts of the road begin to wear out and have to be replaced.

We realize, of course, that there is a real difference between developing an economic strategy and constructing a road through the bush. That is why we use the term "guiding principles".

In economic matters, there are no hard and fast rules or laws that will always stay the same, no matter what. Principles for a strategy can never be as exact as markers for a road.

But they can be a tremendous help to a government like ours which must deal with changes of leadership, constant staff turnover, changes in inter-governmental relations, highly volatile world markets, and so forth.

The guiding principles serve as "testing ground" for new policies, programs, projects, and other government initiatives. If these things can stay on track; if they can take the rough bumps, changing conditions, and periodic erosion; if they can get around the temporary obstacles that keep falling into the roadway—they will probably lead us to a better economic future. But if they can't, they should be abandoned.

Keeping alive the traditions.

Principle #1: We Need an Economic Strategy which is Tailor-Made for the Northwest Territories and for Our Underdeveloped Communities.

If you flip through the tourist literature for each province, you'll find that each region of our country claims to be unique. There is no doubt that there are differences between regions: but are they unique?

After spending the last year and a half visiting all parts of the Northwest Territories, we think "unique" is a term we should reserve for ourselves. In terms of economic development, there are greater differences between ourselves and the rest of Canada, than there are similarities. What is it that makes us so different?

- our vast physical landmass with its unique climate;
- our population: its limited size with such a diversity of culture, language, and lifestyle;
- the unique relationship between our people and the land;
- the distinct differences among regions within the same political jurisdiction;
- the strength of our dual economy and the ability of both economies to exist side by side; and
- our unique form of government and the dominance of government in our affairs.

In our tourist literature we tout our uniqueness. But when it comes to our economy, we seem to apologize for what we are rather than celebrate it.

In terms of economic development, we have consistently borrowed programs and services designed for other parts of the country and tried to adapt them to our needs. This is particularly true with programs and services funded by the federal government. But no matter how much we try to make ourselves fit into someone else's economic mould, we just don't fit.

To the fullest extent that it is possible, we should "tailor-make" our own economic strategies. In some cases, we may be able to "adapt"; in other cases, we might have to renegotiate and restructure. But we should avoid "off the shelf" policies, programs, and strategies which won't promote real development.

We should define our niche in the Canadian mosaic and the global economy by emphasizing and cultivating those things that make us unique.

Principle #2: Development Must Be Sustainable.

Of the many issues raised by residents in our community visits, no issue evoked more concern and interest than the environment.

Within the Northwest Territories, but particularly within the underdeveloped regions, the rock-bed foundation of all development—economic, cultural, social, and political—must be the relationship between people and the land.

Though aboriginal people are concerned with what's under the land, the non-renewable resources, it is what is on the land—the forests, tundra, water, wildlife, fish— that has always been, and will always be

THE GUIDING PRINCIPLES

1. We need an economic strategy which is tailor-made for the Northwest Territories.
2. Development must be sustainable.
3. Government must create and promote a "developmental ethic" within all of its departments.
4. The economic development strategy must be based upon integrated strategic planning at all levels of the economy.
5. Economic development must be community-based and reflect community values.
6. Economic development must be regionally-based and directed.
7. The economic development strategy must reflect an entrepreneurial spirit and the use of appropriate technologies.
8. Community awareness and personal development are essential to all economic development.
9. An economic development strategy must be based upon the ability to mix various options and approaches.

the basis for the economy.

For many years, a debate has raged in the North between two camps with two positions: the "preservationists", who want the physical environment left in its "pristine condition"; and the developers, who want to "exploit" the environment. Because both sides tended to adopt extreme positions and were unwilling to compromise, over the years, very little fruitful discussion took place.

The guiding principles serve as "testing ground" for new policies, programs, projects, and other government initiatives. If these things can stay on track; if they can take the rough bumps, changing conditions and periodic erosion; if they can get around the temporary obstacles that keep falling into the roadway—they will probably lead us to a better economic future. But if they can't, they should be abandoned.

But now, a sensible middle ground seems to be opening up. Since the early 80's, some environmentalists and some developers seem to have glommed onto the concept of "sustainable development". Though there is an on-going debate over its definition, the concept seems to mean finding ways of developing resources in a manner that meets the needs of the present generation without compromising the ability of future generations to meet their needs. As a principle, the concept of sustainable development does not end the debates; but it does provide a more intelligent context within which they can take place.

When we say that "development must be sustainable" we are not referring only to the physical environment. We are talking primarily about the symbiotic relationship between our aboriginal peoples and the land. (The word "symbiotic" means mutually beneficial.)

Put more simply, in the underdeveloped regions in particular, we must promote development which will sustain the physical environment, and the relationship of aboriginal people to the physical environment, at the same time. The most effective way to develop the physical environment "sustainably" is to help our aboriginal peoples develop themselves—personally and as a people—sustainably.

Principle #3: Government Must Create and Promote a "Developmental Ethic" Within All of Its Departments.

During our community visits, we were often disturbed by the totally unrealistic expectations that some people had of government. Government was blamed for all ills: government was expected to respond to all needs.

As this happened time and time again, we began to appreciate that there was something intrinsically wrong with the way we were doing things. We were providing more and more services at the community level. But, instead of helping people to stand on their own two feet, we were making them more and more dependent.

We were particularly concerned when we looked toward the future. A rapidly growing population would mean that we would have to provide more and more services. But more services would likely create more dependency, especially among our young people. Was there a way out of this vicious circle?

We decided that there had to be. And the starting point was to re–examine the way we were providing services.

Is it possible to provide services in a way that will foster independence rather than dependence? Can we use services as a developmental tool? We began to think about the way services had been provided in other underdeveloped parts of the world—as a tool for development—and wondered how this could be done in the Northwest Territories.

We decided that services should not just be used to respond to immediate needs—no matter how serious those needs are. They should be used

WHAT DOES THE WORD "DEVELOPMENT" MEAN?

No word is used more frequently in this report than the word "development". Here is what it means.

Development is a process of change which transforms local communities and regions. It:

- makes people more productive and increases their individual incomes;
- makes people less dependent upon government and more able to help themselves;
- changes social relationships and may lead to changes in culture or values;
- often leads to systemic changes--changes in political and other power structures.

A developmental approach recognizes that people have certain basic rights to decide how they want their communities and regions to develop. But in order to exercise these rights, they must have power.

Power can mean a lot of things: legislated authority, influence, money, equipment, facilities, and so forth. Most of all, it means having the ability to acquire and use information. Those who exercise power need an ability to negotiate and a willingness to accept reasonable compromise.

A developmental approach places great emphasis upon personal change, growth, and discipline: acquiring knowledge through education, skill development, training and consciousness raising. It is only when people understand their community and its problems that they can develop the skills to deal with the problems.

to "develop people".

Traditionally, governments have not been in the business of people development. They have been in the business of providing services. There is usually an assumption among government departments—if they even think about development—that it occurs "naturally", or is a "spin-off" from services, or that it is the particular responsibility of individual departments.

For example, everyone seems to agree that the Department of Municipal and Community Affairs has a mandate to develop municipal governments. The Department of Economic Development and Tourism sees itself as having a developmental mandate to help develop small businesses. As for "people development"—that responsibility seems to rest exclusively with the Departments of Education and Arctic College.

But most other department's—for example the Housing Corporation and the Department of Public Works—do not usually see themselves as having a developmental mandate. They see themselves as having a service mandate.

We began to appreciate that there was something intrinsically wrong with the way we were doing things. We were providing more and more services at the community level. But, instead of helping people to stand on their own two feet, we were making them more and more dependent.

They are taking their lead, of course, from the government itself. When DPW and the Housing Corporation have to account to their political masters for their performance, they are not going to be asked about the number of plumbers, or carpenters they developed, or the number of small businesses they helped develop. They are going to be asked whether they built the number of houses and facilities they said they were going to build—and whether they did it within budget.

Development must preserve our resources.

Adopting a service mandate rather than a developmental mandate does not present a significant problem in the developed communities. They are already developed. What they need is services delivered as effectively and efficiently as possible. The problem is in the underdeveloped communities.

They need developmental assistance—from all government departments—not just those which have traditionally seen themselves as having a developmental mandate. This means that the government has to create a "developmental ethic" and that it has to plant this ethic deep in the workings of all of its departments.

Look at the difference it would make.

In the average underdeveloped community, the Department of Public Works and the Housing Corporation have a much greater potential as a tool for economic development, year in and year out, than, say, the Department of Economic Development and Tourism has. It is rare for new small businesses to get started. But every year, there is continual construction: new facilities, renovations, new houses, and maintenance of existing buildings.

These construction opportunities provide "developmental opportunities"—a chance to teach community people how to do things themselves, perhaps even how to start small businesses—rather than have to continually depend upon outside construction teams to come in. In the short-term, it will take longer, of course, and it will undoubtedly be more expensive. But in the long-term, it will represent a cost saving and provide the community with longer term benefits.

This does not mean that departments like DPW and the Housing Corporation have not tried to foster development. They have. But it has usually occurred sporadically, on a short-term project basis, rather than as an integral part of a long-term government strategy.

Individual departments can't develop a "developmental ethic". It must come from the government as a whole.

Government must define its "mission" in the underdeveloped regions and communities in developmental terms. Is it in the business of providing services to respond to the needs of individuals in communities and regions? Or, is it in the business of developing communities and regions through the delivery of services?

We think it is the latter—which is why government should create a

developmental ethic and infuse it into all of its departments.

Principle #4: The Economic Development Strategy Must Be Based Upon Integrated Strategic Planning at All Levels of the Economy.

We've all seen pictures of people playing the slot machines in Las Vegas. They put their coins in and pull the handle. The tumblers spin and, to win, they have to get the same kinds of things in all four of the windows—four similar designs, four pieces of fruit, or whatever.

Developing economies is a bit like playing a slot machine. There is a certain amount of risk involved, which we try to minimize by careful planning. To win, you have to line up four essential elements. You need the right project design, the right resources, the right people, and the right organizational structure to support and implement the project.

While visiting communities, we continually heard complaints from individuals— from within government, as well as from the private sector—who started projects only to see them fail. In most cases, one or more of these four essential elements were not properly integrated.

Sometimes a project failed because it was poorly designed: it did not have clear objectives, or it was dealing with the wrong problem, or it was duplicating something that already existed.

Government has to create a "developmental ethic" and it has to plant this ethic deep in the workings of all of its departments.

Sometimes there were not enough resources, or not enough of the right kinds of resources. Small businesses lacked adequate financing. People didn't have the right kinds of equipment, or they bought equipment instead of leasing it.

Not having the right kinds of people is undoubtedly one of the most serious problems. Either people lack the basic education and skills, or they lack personal discipline and a work ethic. (We heard frequent comments about the seriousness of the alcohol problem.)

Finally, there is often an organizational problem. Projects get started in isolated communities and then fail because there is no organizational support base. There is no one to help improve the project, develop markets, help with administrative duties, and so forth. Projects that succeed, on the other hand, seem to succeed because there is a solid organization built around them.

Government must define its "mission" in the underdeveloped regions and communities in developmental terms. Is it in the business of providing services to respond to the needs of individuals in communities and regions? Or, is it in the business of developing communities and regions through the delivery of services?

There is no magic answer for overcoming these problems. But one way of minimizing risks and improving the chances of success is to make sure that projects and programs start with the development of integrated strategic plans.

These plans should be broadly based—involving all the stakeholders, and cut across artificial boundaries, especially those which exist between government departments, public and private sector groups, native and non-native organizations, and so forth.

They should concentrate upon the "linkages". Designs must be linked to resources; skilled people must be linked to specific tasks; the planning phase must be linked to the operational phase; the mandates of different departments must be linked for particular projects (instead of having a project spearheaded by one department and then trying to convince other departments to go along).

Principle #5: Economic Development Must Be Community-Based and Reflect Community Values.

By "community-based" we mean that the members of the local community must have the dominant role in determining whether and how development should occur. And, they must also have enough power to significantly affect the development itself.

This does not mean that their power and authority is exclusive. They do not have the right, for example, to deprive any individual member of the community of their rights as a Canadian citizen. Nor do they have the right to take unilateral action which might harm the development of neighbouring communities or of society as a whole. (A community is "a group of people living together as a smaller social unit within a larger one and having interests, work, etc. in common." Both the smaller and the larger social units have obligations and responsibilities toward one another.)

By the term "community-based" we also mean that economic development must flow from, and reflect the spiritual and cultural values of the people who live in the community.

Developing economies is a bit like playing a slot machine. To win, you have to line up four essential elements. You need the right project design, the right resources, the right people, and the right organizational structure to support and implement the project.

Economic development is not an end in itself. It is a means to an end—a way of helping people live their lives in a way that corresponds to their values and beliefs. That is why choosing the kinds and manner of development is so important. Some kinds of economic activity might promote the values of the community; other kinds of economic activity might destroy or weaken

those values.

Because of the direct relationship between economic development on the one hand and a community's spiritual and cultural values on the other, communities can not be developed from the outside or from the top down. Communities must develop themselves. The process of community economic development occurs from the bottom up, from the inside out. The role of government is to assist, support, negotiate, train, facilitate, share resources, share power, and share decision-making.

By the term "community-based" we also mean that economic development must flow from, and reflect the spiritual and cultural values of the people who live in the community.

We recognize that this principle is easier to state than it is to put into practice. Communities can be bitterly divided at times, they may be confronting severe social problems, the members may have conflicting values. It may take time–a great deal of time, to build consensus about what is possible, what is acceptable and how particular developments should occur. But that's what it's all about. Achieving consensus in democracies is not a problem unique to the North. It is a problem that all democratic peoples and nations must struggle with. The alternative—letting those from outside the community determine what is best for the community—is completely unacceptable.

Principle #6: Economic Development Must Be Regionally-Based and Directed.

With the exception of regional land-use planning and the development of regional tourism associations, there is practically no government-initiated economic development planning and direction occurring at a regional level. All of the real planning and decision-making seems to be centralized. As a result, two things are happening.

First, within most regions, there is a great deal of competition among communities and not enough co-operation. The communities are competing for the attention of Yellowknife (which is seen as having all the money). Much of the antagonism seems to be directed against the regional centres, which are seen as "hogging" all the resources, programs and government jobs. For their part, the regional centres do not have any sense of a mandate to help develop their own region.

Second, both the small communities and the regional centres seem to harbour a great deal of resentment toward Yellowknife. It is pilloried as the "New Ottawa", out of touch with what is happening in the regions and intent upon controlling everything.

Though we do not necessarily agree with all of these perceptions, we have no doubt that they are real. They reflect a growing awareness that, in the realm of economic development, there must be more planning and decision-making at a regional level.

In economic matters, the Territorial Government cannot continue to deal with communities only on an individual basis. Nor can it continue to establish economic policies and programs in a centralized manner. This approach might work in small geographic areas such as Prince Edward Island or Nova Scotia. But, in a huge geographic region, like the Northwest Territories, it would be a bit like trying to design programs for the Gaspé—a rural, French-speaking farming region of Quebec, from downtown Fort McMurray— an urban, English-speaking oil-patch community in Northern Alberta.

We need to de-centralize planning and decision-making.

We need co-ordinating organizations that will work with local communities and various stakeholders to develop long-term strategic plans for the regions. Then, they must have the power to marshall resources, make the operational decisions required to put the plans into place, and monitor results.

Building these coordinating regional structures will not be easy. But it is not a totally new task for government. We need, in the economic realm, the same kinds of structures the GNWT is helping develop for education (Regional School Boards) and for health (Regional Health Boards).

Principle #7: The Economic Development Strategy Must Reflect an Entrepreneurial Spirit and the Use of Appropriate Technologies.

When most people use the word "entrepreneur", they are talking about the individual who starts up a business. While we are not excluding the small business owner, the term "entrepreneurial spirit" in our statement of principle is much broader.

The entrepreneur is one who is attracted by change, is obsessed by innovation, recognizes opportunities for development, and is willing to take some risks to achieve specific objectives. An entrepreneurial spirit is as relevant—and as necessary within government—as it is in the private sector.

Today, increasingly, we are living in an entrepreneurial society. The way the Japanese create co-operative approaches between government and industry to develop a particular product over a long-term period of time; the way various communist countries are encouraging the development of parallel, free enterprise operations —these are all examples of the new entrepreneurial spirit.

An entrepreneurial spirit, with its emphasis upon innovation and risk-taking, is especially needed when resources are limited and ways must be found re-direct or re-design existing resources. That is very definitely our situation in the Northwest Territories—especially in the underdeveloped communities and regions.

The day is long gone when we were able to "throw money" at problems. We have entered a new age of restraint. We now need to find

better and more effective ways of using our limited resources in a more developmental way.

The entrepreneur is one who is attracted by change, is obsessed by innovation, recognizes opportunities for development, and is willing to take some risks to achieve specific objectives. An entrepreneurial spirit is as relevant—and as necessary within government—as it is in the private sector.

We need to reform the welfare system and UIC. We need to redesign federal EDA and CEIC programs. We need to find ways of providing support without creating dependency.

We need to switch the emphasis in many health and social programs from crisis intervention to prevention. We need to create organizational linkages and new economic structures. We need to establish new partnerships and co-operative ventures among the various stakeholders and interest groups in our society.

An entrepreneurial spirit will help us be very clear about our objectives. (Are we into developing services or people? Can we do both?)

It will teach us how to choose the most appropriate objectives— the realistic ones with the best chance of success. (Are we into schooling or are we into education? Are they both the same or are they different?)

It will teach us how to evaluate results and switch directions when it is obvious that what we are trying isn't getting us anywhere.

It will teach us to continually search for innovative opportunities and build them into our policies, programs and practices.

Part of what we have to do is develop and utilize *appropriate technology*.

In its broadest sense the word "technology" refers to "the totality of means employed to provide objects necessary for human sustenance and comfort." It refers to tools, and systems, and machines, and structures and organizations.

The term "appropriate technology" means that we must select or develop technologies which are appropriate to our needs as northerners living in the Northwest Territories. It does not mean that we go back to snow houses, tents, oil lamps, bows and arrows, harpoons, and dog teams. Nor does it mean continually taking southern technologies and trying to use them up here.

The term "appropriate technology" means that we must select or develop technologies which are appropriate to our needs as northerners living in the Northwest Territories. It does not mean that we go back to snow houses, tents, oil lamps, bows and arrows, harpoons, and dog teams.

It might mean that we develop even more efficient housing; or find substitutes for the leg-hold trap; or find ways of heating with wood instead of continually importing oil; or learn to produce some of our essential products (instead of always importing) and develop inter-community trade systems; or learn how to build "work places" onto our homes.

It might mean that we solve the drop-out problem with new innovations in the classroom; or find better ways of eradicating illiteracy and providing management training through distance education. It might mean developing new ways to plan and manage our wildlife and support hunters and trappers on the land.

Principle #8: Community Awareness and Personal Development are Essential to All Economic Development.

There can be no economic development without personal development and personal development is intrinsically linked to community awareness.

We saw the benefits of community awareness in one of the communities we visited in the Eastern Arctic.

An economic development officer did an intensive statistical review of his community. After interviewing adults in each family, he compiled the results into a number of graphs. They showed the relationship between population growth, jobs in the community, and other sources of income, particularly welfare and UIC. Next, he projected present trends into the future and demonstrated what life would likely

Education is the key to economic prosperity.

be like in the Year 2000—unless there were some significant changes. He then put on a number of presentations for the Hamlet Council, citizens' groups, and professionals working in the community.

The picture he presented was a gloomy one. But, community residents gained a much better picture of what was happening to their community. They were better able than most communities to talk meaningfully about their need for jobs, work, housing, municipal services, the increased pressure on local wildlife, and future prospects for their young people.

If underdeveloped communities are to improve their lot, local residents must understand the economic issues and have a direct say in any strategy designed to address them. Government employees and other technical experts must be required to "share vital information" with the community at large on a regular basis. Residents may have to hire "outside expertise". But they must learn to use consultants appropriately—and not become dependent upon outside expertise.

If underdeveloped communities are to improve their lot, local residents must understand the economic issues and have a direct say in any strategy designed to address them.

Finally, in the last analysis, most of the responsibility for public education must rest with the residents themselves. They must educate themselves, utilizing the resources of their elected boards and agencies.

Every study in recent years that has compared education to economic prosperity points to the same fact. The higher the education level, the greater the individual's income. In our rapidly changing world, even those traditional pursuits like hunting and trapping that did not previously require a basic education, now do.

Though we may be unsure of exactly how to go about developing the underdeveloped communities, we are sure of one thing. An economic development strategy will not be successful unless it can improve the overall level of education in the underdeveloped communities. There is no one single factor more important than education.

Principle #9: An Economic Development Strategy Must Be Based Upon the Ability to Mix Various Options and Approaches.

In one of the background studies done for the project ***(A Strategy For Supporting The Domestic Economy Of The Northwest Territories)*** Dr. Peter Usher shows how the Domestic Economy actually works.

The typical household obtains its income from four major sources: jobs, transfer payments, sale of commodities (fur, fish, handicrafts) and domestic production (country food, firewood, etc). Its ability to survive depends upon its ability to pull together the right mix of resources, depending upon seasonal opportunities and the skills, age, and interest of family members.

It is a very flexible way of life. It depends upon the ability of family members to put together the right combination of resources, at the right time, under the right conditions.

The strategy of the average family depending upon the domestic economy contrasts sharply with the strategy employed by the various departments and agencies which provide the "social net". They adopt a much less flexible strategy and tend to emphasize "single solutions"—depending upon their particular service or area of expertise.

Because each department is designed to provide a particular service—education, job creation, housing, training, social assistance—it tends to seek out a "presenting problem". In most cases the agency can only serve those clients who are "eligible". Since eligibility is often spelled out by legislation or policy, the agency often finds it difficult to "bend" to the needs of the client. Rather, it requires the client to bend to the needs of its program structure.

When a particular agency cannot meet all the needs of a client, it refers the client to another agency or department. Soon the client gets the impression that he or she is continually adapting to the needs of the system, rather than the other way around.

In criticising the way things are presently done, we do not intend to criticise individual departments for their rigidity. They have simply taken what seems to work elsewhere and adapted it to the needs of underdeveloped communities. But, though it may work more effectively in large urban areas in the South, it doesn't work very well up here.

Every study in recent years that has compared education to economic prosperity points to the same fact. The higher the education level, the greater the individual's income.

And we have always known it doesn't work.

If a person on welfare goes out and gets a part-time job, or makes too much money from selling furs, the money they make is deducted from the welfare payment. We are actually punishing people for working.

If a person wants to start a small business, they are not allowed to do it in government housing. (Something about giving them an unfair advantage over all the other people in the small community who want to set up that exact kind of business.)

Often, though we recognize the inconsistencies, we come up with solutions which may serve the needs of individual departments rather than the needs of the clients. (Periodically we decide to make people in public housing pay "market rents". We know that the burden of paying the increased rents will simply be shifted from the Housing Corporation to the Department of Social Services, but somehow this seems better.)

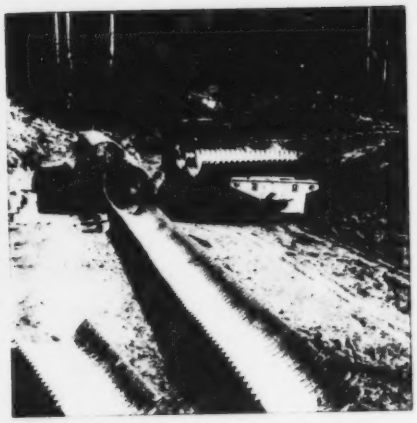
The problems are obvious, the

We must develop our small business potential.

solutions not so obvious. But they undoubtedly have something to do with taking available programs and resources and finding a much better way to utilize them. We have to stop creating such extreme dependencies, stop supporting non-work instead of work, and stop building individualized bureaucracies which can't fit together. We have to design a much more flexible approach, with more options—a way that will support family initiative and foster dignity.

In this chapter, we have developed our principles—the markers which lay out the route and help keep government on the road.

One more job remains, to build some bridges.



Working on the Liard Highway.

Recommendations

The hardest part of building a road through the bush is not building the road itself. It is building the bridges that join the sections of the road together.

In every road construction project there are critical areas where there is simply no road bed. Either it never existed, or it has been eroded by gulleys, ravines, and river beds. Project engineers must design the bridges that will help the road builders overcome these major obstacles.

It's much the same thing in designing a long-term economic development strategy.

As designers of the strategy, our Committee can see that the route we have laid out is criss-crossed by a number of gaps in the road. They are blocking the development of our economy at critical points. We have to design some bridges.

Our bridge designs—we call them recommendations—are meant to help government build new bridges: to the federal government, to the regions, to its own public service, to native organizations, to the education and training needs of its people.

As is always the case in any construction project, there is no single design that will fit all situations. Each recommendation must be specifically designed to overcome specific obstacles: and the recommendations must work together as a whole, to form an integrated strategy.

The following recommendations are strategic in nature. They touch critical areas of our economy, and are designed to overcome the major obstacles outlined previously in this report.

A majority of the recommendations respond directly to the developmental requirements of the underdeveloped communities. But they also respond to the needs of the developed communities. To the extent that we can improve service delivery, create a pool of more literate citizens, reduce duplication, and improve the public service—to that same extent we can improve our economy as a whole.

A majority of the recommendations respond directly to the developmental requirements of the underdeveloped communities. To the extent that we can improve service delivery, create a pool of more literate citizens, reduce duplication, and improve the public service—to that same extent we can improve our economy as a whole.

Finally, because our strategy must be comprehensive—linking together economic, social, cultural, and organizational issues—we have divided the recommendations into three categories: People Development, Policy and Program Development, and Organizational Development.

PEOPLE DEVELOPMENT

1. Launch a Literacy Campaign in All Communities of the Northwest Territories.

Reasons and Requirements

Many of our older and middle-aged people have never had the opportunity to go to school. Many of our younger people have dropped out of school before they acquired the ability to read, write and handle basic numerical calculations. As a result, the NWT has the highest illiteracy rate in the whole of Canada.

Thirty-three percent of our total population, and seventy-four percent of our native population are functionally illiterate in English (with less than a Grade 9 education).

People who are illiterate have great difficulty in participating fully in the life of the community. They are continually dependent upon others for vital information. They have difficulty making informed decisions about their own lives or the life of their community. They are relegated to low-paying jobs or a life of poverty. When parents are not literate they often do not ensure that their children receive a basic education.

Recently, government hired a literacy coordinator for the NWT. But so far, there is only one staff person specializing in this area. There should be at least one literacy coordinator for each region.

Arctic College is the government's lead agency for literacy training, but its funds are quite limited. Its budget should be increased.

A permanent Literary Council should be set up to develop and implement an NWT Literacy Strategy. The Council should have representatives from business, industry, native organizations, private organizations and the community at large.

The literacy campaign should be carried out in every community on a permanent basis. Innovative ways should be tried to overcome the problem of illiteracy, including the extensive use of volunteers for one-on-one tutoring.

2. Develop a Strategy to Help Keep Young People in School.

3. Reduce the Pupil-Teacher Ratio.

4. Set Up Outward Bound-Type Programs.

Reasons and Requirements

In terms of the future of our economy, the failure of our students to get a high school education is our single most serious problem. In our community visits, parents raised this problem constantly. If we can't beat it, all other attempts to improve our over-all economy will be self-defeating.

At present, we are on a treadmill. No matter what programs we try to introduce, we can't keep up with the number of young people who quit school before acquiring the basic skills needed in the workplace. They are relegated to a life of welfare and, without a sense of self-worth, often experience other social problems.

We don't have an answer to this problem, and we doubt that there is a single answer. The present problem stems from a combination of factors: failure of many parents to value education as a necessity; lack of discipline on the part of young people; over-crowded housing and lifestyle problems that impede education; some failures on the part of the school system (beginning at the Junior High level) and so forth.

Government must take a hard look at the drop-out problem. In co-operation with school boards, Local Education Authorities, and native organizations, it must devise a strategy to help keep young people in school until they graduate.

The strategy should deal with the school curriculum. From our meetings with community residents, we think that a broader-based school

RECOMMENDATIONS

People Development

1. Launch a literacy campaign in every community.
2. Develop a strategy to help keep young people in school.
3. Reduce the pupil-teacher ratio.
4. Set up Outward Bound-type programs.
5. Reorganize adult education and training programs: improve courses in the areas of managment training, board development, trades, and environment.

Policy and Program Development

6. Implement a Sustainable Development Strategy.
7. Create and implement a Traditional Harvesting Support Program in cooperation with native organizations
8. Conduct a review, with the federal government, of all transfers and payments and federally funded programs.
9. Set up a Public Service Commission; Conduct a review of the Public Service, including the Affirmative Action Policy.
10. Review GNWT business practices to provide more business opportunities for local communities.
11. Allow communities to negotiate contracts over a five-year period.
12. Ensure that individual communities have greater control over their local resources.
13. Develop and implement an Import Substitution Strategy.

Education develops discipline.

program is needed at the local level to hold the interest of the students. This should include industrial arts, home economics, art and physical education.

The strategy should deal with the problem of standards across the Territories. Given present population increases, it is obvious that we will not be able to provide enough jobs for young people in the underdeveloped communities. Many of them will have a harsh choice: emigrate to a place where there are jobs, or end up on welfare. But to emigrate they need a basic education and a certificate that will be acceptable in the workplace.

At present, standards are uneven, particularly between the smaller communities and the larger centres. Many students who move to the larger centres find their education is not on a par with their peers. And when they can't compete in the classroom, they will never be able to compete in the workplace. We need to ensure that standards are uniform across the Territories.

At present we are on a treadmill. No matter what programs we try to introduce, we can't keep up with the number of young people who quit school before acquiring the basic skills needed in the workplace.

The pupil-teacher ratio of 19:1 (16:1 in Grades 10-12) should be improved, especially in smaller communities where teachers must often handle two or three grade levels at the same time.

The Department of Education should review its decision to extend the grade level in local community schools, especially in the underdeveloped communities. If we are providing a solid education, with acceptable standards for enough children at a reasonable cost, we should continue the present practices. But if we are providing an inferior education that is not preparing our young people either for the workplace or for a college eduction, we should seek alternatives.

We need to provide "alternative education" opportunities for students with special needs. Specialized residential-type high schools should be provided for students wishing to take

14. Develop and implement a Regional Development Strategy.
15. Set up a comprehensive evaluation system for all economic development-type policies, programs, and projects.
16. Set up a Communications Technology Research Project.
17. Help extend banking services to more communities.
18. Develop a Tourism Strategy which emphasizes product development and infrastructure.
19. Develop a Support Program for Art and Crafts.
20. Recognize Co-ops as small businesses with training potential.
21. Seek an exemption for the NWT from the new Goods and Services Tax.
22. Request the federal government to establish a Personal and Corporate Tax Regime for northerners.
23. Request the federal government to provide the mineral exploration industry with tax incentives for exploration.
24. Provide for the development of more quality day care spaces.
25. Set up residential-type alcohol treatment centres.

Organizational Development

26. Set up a permanent, Cabinet-level Committee for Economic Development.
27. Set up a permanent, Cabinet-level Committee for Social Development.
28. Establish, in partnership with the federal government, an Economic Development Agency.
29. Provide funding to communities to hire Development Officers.
30. Reorganize the Departments of Renewable Resources and Economic Development and Tourism.

broader programs in order to attend college.

At the other end of the spectrum, programs are needed for young people who have dropped out of school, have little or no education, no work ethic, and little chance of finding and holding a job. More community-based upgrading courses are needed along with some different kinds of educational experiences. For this group in particular, government should establish two Outward Bound-type programs, one in the East, another in the West. These kinds of programs help challenge young people who have dropped out, instill some discipline, and provide some useful employment-related skills.

5. Reorganize Adult Education and Training Programs: Improve Courses in the Areas of Management Training, Board Development, Trades, and Environment.

Reasons and Requirements

Government should review all adult education and training programs, including those provided by the federal government through CEIC and other federal agencies. A major restructuring is required.

Parts of the present adult education and training system are poorly targeted, there is a lack of standards in many areas, and there is very little on-going evaluation.

Linkages are weak in some critical areas (for example between CEIC programs and GNWT programs). Mandates and program goals often seem fuzzy ("What are we training people to do?"); and the training programs are not linked closely enough to primary employment sectors.

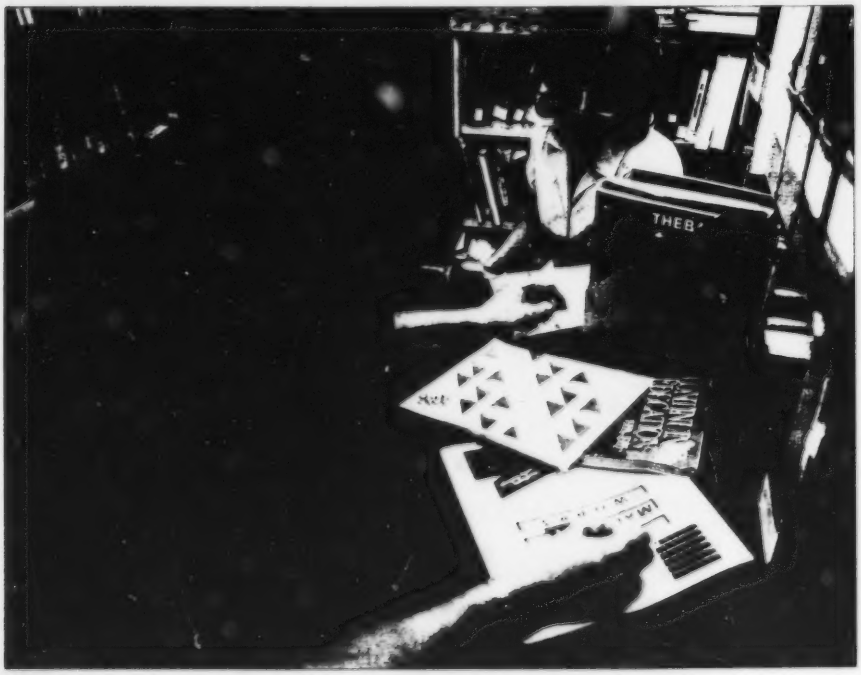
Despite all the construction that is going on in every community, we still don't have enough persons skilled in various aspects of the building trades. We need to train more skilled trades persons. A special program is needed, equivalent to the housing maintenance program, to train house builders.

There is also a need to train board and committee members who serve on the variety of local, regional and territorial boards. With the settlement of land claims, there will be a significant increase in the number of persons serving on wildlife management boards. They will need specialized training to help them fulfill their new responsibilities.

In every community we need more and better management training programs. This need will increase as land claims are settled and beneficiaries set up various kinds of local, regional and territorial organizations to implement the claim. Since many of the government's staffing needs are similar to the needs of native organizations, government should work closely with native organizations to train managers, administrators, and office staff.

The whole adult training system needs to be restructured. The development of programs is often "hit and miss", without any clear picture of priorities, and without any longer-term strategic plans.

Arctic College is in the midst of a strategic review. This should help clarify its role. The responsibility for the training of GNWT public servants (determining requirements, setting standards) should be handed over to a new Public Service Commission. (Recommendation #9.) Adult education responsibilities still remaining within the Department of Education should be re-evaluated.



Adult education fosters personal development.

In every community we need more and better management training programs. This need will increase as land claims are settled and beneficiaries set up various kinds of local, regional and territorial organizations to implement the claim.

The review of adult training programs should be carried out under the direction of the Cabinet-level Committee on Social Development (Recommendation #27). It should include the participation of all major deliverers of adult education and training programs in the NWT, including the federal government.

POLICY AND PROGRAM DEVELOPMENT

6. Implement a Sustainable Development Strategy.

Reasons and Requirements

In our travels from community to community, we discovered that there is no single issue of more importance to our residents than protection of the environment. A majority of our citizens seem to be in favour of economic development—as long as the environment is protected.

Up to the present we have had to resolve most development and environmental issues at regulatory hearings. These hearings often pitted those who were strongly in favour of development against those who were opposed to development (in the interest of preserving the environment). The hearings usually created "winners" and "losers". A new approach based upon the principles of sustainable development seems to offer us better options—and a reasonable middle ground between extremes.

In our travels from community to community, we discovered that there is no single issue of more importance to our residents than protection of the environment.

Our government has announced its intention of pursuing a Sustainable Development approach and has distributed a discussion paper on the subject. We urge government to follow through. We need a strategy with solid components.

The GNWT should take the initiative in establishing a permanent **Round Table** on the environment consisting of representatives of the federal and territorial governments, industry, native organizations, and the public at large.

It should **review its present incentive programs** that affect natural resource development. It should eliminate incentives which inhibit sustainable development and promote those which foster it.

It should enact legislation to establish the role of an **Environmental Advisor** reporting to the Legislative Assembly.

The GNWT should conduct **annual audits on the environment** and report annually to the Legislative Assembly.

The GNWT should **develop a public education campaign** to make all residents aware of the principles of Sustainable Development and how government is implementing these principles. As part of this campaign it should support business and industry initiatives that further sustainable development goals and principles.

7. Create and Implement a Traditional Harvesting Support Program in Co-operation with Native Organizations.

Reasons and Requirements

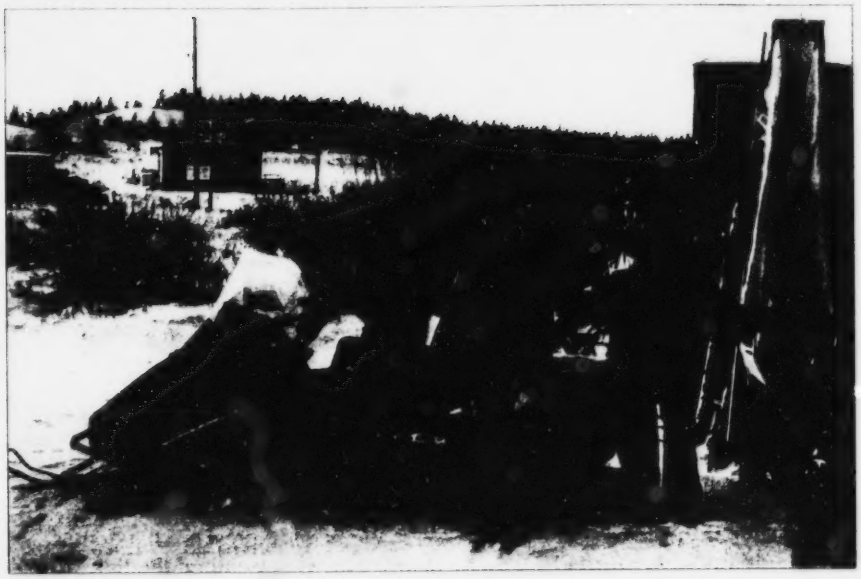
A producer support program for wildlife harvesters is an essential element in any long term economic development strategy—especially a strategy to assist the underdeveloped communities. Research has demonstrated how important the domestic economy is to the total economy of the NWT. However, hunters and trappers need assistance to sustain their traditional lifestyles.

Because of the need for cash to purchase capital equipment and supplies, hunters and trappers have often had to turn to the welfare system. This has never provided them with the level of support they needed. Worse, because of the stigma attached to welfare in our society, it has cast the role of the hunter and trapper in a negative light.

We need to preserve the domestic economy, strengthen the links to a traditional way of life, and free the image of the hunter from the stigma of the welfare system.

Studies indicate that a Traditional Harvesting Support Program in the Northwest Territories is a viable financial possibility especially when one considers the consequent savings in the area of social assistance. Estimates for such a program for the NWT range from $10 million to $30 million, depending upon eligibility criteria. Our own research

Drummers at a SCONE meeting in Tuktoyaktuk.



Trappers at Rainbow Valley in Yellowknife.

indicates strong support for such a program from every segment of our society.

Great care must be taken in setting the program up. Government should not try to "go it alone" but, rather, should design and develop the program on a cooperative partnership basis with Native organizations, Hunters and Trappers Associations, etc.

The program should be administered jointly by the Department of Renewable Resources and local HTAs. Besides providing direct assistance to hunters and trappers the program should have a research and development component (looking into product development, processing and sale of country foods, craft production, public relations and education) along with programs for conservation, management, enhancement, environmental protection, and regular program evaluation and monitoring.

8. Conduct a Review, with the Federal Government, of all Transfers and Payments and Federally Funded Programs.

Reasons and Requirements

As we have seen in this report, we need programs and services that are tailor-made to our own unique requirements. Unfortunately, many federal programs and transfer agreements do not respond to our needs. They are either poorly targeted (because they have been designed for other areas of the country and then "adapted" to our requirements) or they contain too many strings. Thus, in terms of economic development, they are often counter-productive.

The transfer agreements and federal programs must be reviewed so that they support, rather than work against, economic development initiatives.

The review will: 1) clarify GNWT economic development requirements in the areas of transfer payments and federal programming, 2) restructure federal transfer agreements so that services will better respond to the needs of our residents, and 3) find better ways and means of coordinating and integrating federal-Territorial economic development initiatives.

The review should include all major transfer agreements: the Canadian Assistance Plan (CAP), the Economic Development Agreement (EDA), Established Program Funding (EPF), Canada Mortgage and Housing Corporation (CMHC), as well as a number of smaller educational and economic-type programs. It should also include major federal programs with an economic development or social development emphasis or orientation (CEIC programs, Federal Business Development Bank, Eskimo Loan Fund, the Canadian Aboriginal Economic Development Agreement, the National Native Alcohol and Drug Abuse Program, etc).

Because of the need for cash to purchase capital equipment and supplies, hunters and trappers have often had to turn to the welfare system. This has never provided them with the level of support they needed. Worse, because of the stigma attached to welfare in our society, it has cast the role of the hunter and trapper in a negative light.

The review should make full use of recent evaluations. (There is a current review of the CAP agreement being carried out by the federal government, and another one being done by the Department of Social Services).

It should be a cooperative review involving both the federal and Territorial governments, conducted through some kind of inter-governmental task force or commission, during the life of the 11th Legislative Assembly. On the Territorial side, it would report to the Cabinet Committee on Economic Development (Recommendation #26).

9. Set Up a Public Service Commission; Conduct a Review of the Public Service, Including the Affirmative Action Policy.

Reasons and Requirements

With its 5200 jobs, the GNWT Public Service is undoubtedly the single most important source of jobs in the NWT. (Often, in underdeveloped communities, a handful of government jobs are the only real jobs available.) It is essential that government do everything it can to protect the integrity of the public service. Over the next decade, given

the problems it faces, government must be able to count on the unquestioned loyalty and competence of its public servants.

In recent years, because of real or perceived political intervention, the objectivity, competence, and neutrality of the public service has been questioned. Because it lacks a Public Service Commission, (the only jurisdiction in Canada not to have a Commission or its equivalent), the GNWT is wide open to continued charges of political intervention in hiring and personnel policies.

For a number of months, the Executive and the Minister of Personnel have been exploring the possibility of setting up a Public Service Commission. They should do so immediately. The Commission should report to the Legislative Assembly and have responsibility for overseeing the recruitment of staff on the basis of the merit principle and the affirmative action policy; it should hear merit and affirmative action-related grievances; it should also review hiring standards and oversee training for public servants.

While government should not delay establishing a Public Service Commission, our research indicates that there are a number of additional and broader issues and problems with the public service.

Government seems unsure of its requirements for a public service and is having difficulty recruiting and developing the kinds of staff it wants. The public service is unsure of its role due to what it perceives as constantly changing political expectations. Often, members of the public complain about the public service and quality of service they receive.

The last time government reviewed its public service was back in 1976. A new review is needed. The review should include a re-examination of the government's affirmative action policy.

With such high unemployment in so many communities, it is essential that as many jobs as possible go to qualified local candidates and that the government establish a truly representative public service.

This was the intent of its Native Employment Policy, introduced in 1985. As our research indicates, the government spent a great deal of money, time, and energy trying to significantly increase the number of native staff within the public service. But it did not succeed. Unfortunately, government introduced the policy without a thorough policy analysis to determine and deal with the real nature of the problem—a lack of native people with the required education and skills to take the jobs that are available.

Time and again, we heard complaints about tendering practices, especially from small business persons in the underdeveloped communities. Government should examine its procedures to find ways and means of making it easier for local businesses to compete successfully for government jobs and contracts.

Originally, the Native Employment Policy was to have been evaluated at the end of a five year period. This did not happen. Instead, in March 1989, government simply replaced the Native Employment Policy with a new policy, the Affirmative Action Policy, and extended the principles of affirmative action to women, disabled persons, and indigenous non-aboriginal persons.

It is essential that the principles of affirmative action be applied to native people, women, and the disabled. But government needs a viable policy and a whole range of support programs (orientation programs, training programs, day care, counselling, etc.). However, because it has jumped in with a new policy before carefully reviewing the failure of the old policy, it is in danger of repeating the same mistakes and having another failure on its hands.

Departments have not acquired a human resource planning capability–so necessary for the success of any affirmative action policy. Suitable information systems and support programs have not been put in place.

There needs to be careful assessment of resource requirements and strategies for recruiting and developing representatives from the different target groups.

A Public Service Commission should be established to ensure that an affirmative action policy is properly implemented in a way that meets the objectives of the policy, while ensuring adequate standards.

Finally, some of the provisions of the policy (particularly its application to "indigenous non-aboriginal persons") seem vulnerable to legal challenge and should be reviewed.

In summary, the GNWT should move immediately to set up a Public Service Commission. It should also review the public service as a whole and pay particular attention to its affirmative action policy.

10. Review GNWT Business Practices to Provide More Business Opportunities for Local Communities.

11. Allow Communities to Negotiate Contracts Over a Five-Year Period.

12. Ensure that Local Communities have Greater Control Over their Local Resources.

Reasons and Requirements

During public hearings on the economy, many residents told us that much more could be done by government to stimulate business in the smaller communities. We agree. Government should examine its business practices to assess their "developmental potential". It must find ways and means of supporting and assisting the local small business person.

One obvious area of investigation should be purchasing procedures. While we understand the merits of centralized purchasing and believe that it is the way to go in some situations, there are many other

situations where purchasing should be decentralized to the regions and local communities. The present system is too centralized, results in delays, and does little to help develop local businesses.

Government should take the concept of import substitution seriously. It should target particular areas of the economy where import substitution has the best chance of success. It should then develop a longer-term strategy to make import substitution a reality.

Another area that should be reviewed is tendering practices. Time and again, we heard complaints about tendering practices, especially from small business persons in the underdeveloped communities. While we understand the need for government to receive "value for money", we also believe that government should do much more to provide developmental opportunities to local businesses. It should examine its procedures to find ways and means of making it easier for local businesses to compete successfully for government jobs and contracts. It should also make sure that whatever policies and procedures are adopted, they are applied consistently—and that everyone knows the rules.

Another area where government can improve local participation is in the housing and construction fields. Many local businesses can not afford to purchase equipment for construction and/or housing projects if the project only lasts one or two seasons. But for longer-term projects, where there is a guarantee of work, the local business person can afford to purchase capital equipment.

Government should revise its present procedures to allow communities to negotiate construction, maintenance, and housing contracts over a 5-year period. It should also go with local project management (rather than importing outsiders); and it should improve its community consultation. The local community should have a much greater say in all aspects of housing design.

Finally, government must recognize the right of local communities to have first say in the development of resources that surround the community. In a very real sense, local resources "belong" to the local community. It is the local residents who must suffer any adverse "developmental impacts or costs" that might occur because of development. Therefore they must have first "say" in the disposition of resources.

13. Develop and Implement an Import Substitution Strategy.

Reasons and Requirements

As we have seen, each year we import more than $1 billion of goods and services into the Northwest Territories. One of the things we can do to improve our economy—and should do—is to find ways and means of replacing imports with goods and services produced in the North. The government should develop and implement a comprehensive import substitution strategy.

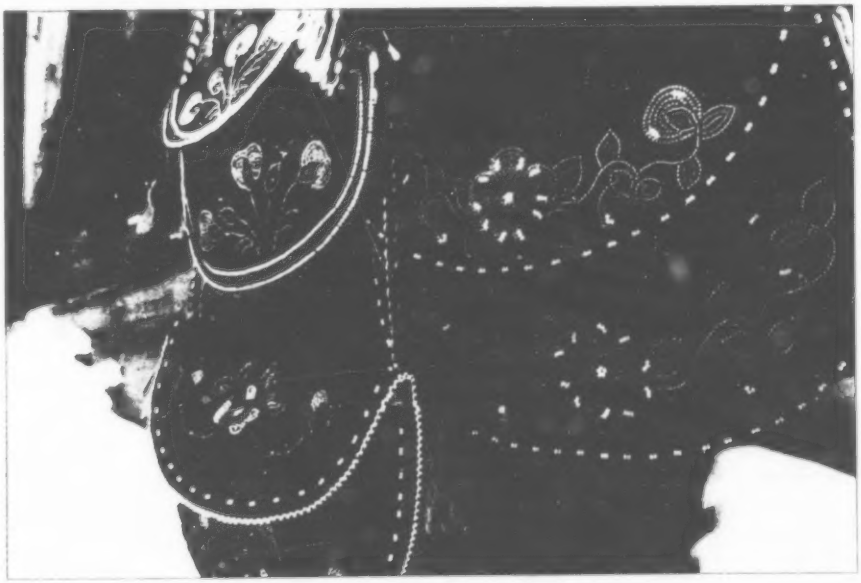
Some replacement areas are obvious. We import about $120 million in food products each year. We could reduce imports by growing and marketing more of our own food.

Agriculture and market gardening in the West seem to have real potential. (At times in the past, various church institutions grew many of their own vegetables and even sold some of them to other communities.) Some areas—particularly the Baffin—seem to have some potential for the development of a fishery. Also in the Baffin, there has been some inter-community trade in country foods, and there is some hope that new ways can be found to market country foods, both for local consumption and for export.

Each year, we import a significant amount of finished lumber. We have the potential to replace some of these imports through the development of our own forest industry.

Government policies can have a significant effect upon import substitutions. We must find ways of encouraging more of our residents to vacation in the North, rather than continually vacationing in the South. We can strengthen our "buy North" policies. And we can encourage the development of import substitutions through our loan programs.

All these ideas have been thought of before and, given the size of our imports, an import substitution strategy can be effective. But we always seem to have difficulty getting beyond the "idea stage".



Arts and crafts — a vital industry.

Government should take the concept of import substitution seriously. It should target particular areas of the economy where import substitution has the best chance of success. It should then develop a longer-term strategy to make import substitution a reality.

14. Develop and Implement a Regional Development Strategy.

Reasons and Requirements

Given the significant economic differences among regions, we need to develop regional plans for improving regional economies. Then we need to turn to regional organizations—either the ones that already exist or new ones that we create—to make sure the plans are implemented. We must abandon the highly centralized approach to economic development—where what's good for the regions is determined by Yellowknife—and encourage the regions to take the lead role in developing their economies.

At the regional level, government should be just one of the stakeholders that make up the regional organization. It would work cooperatively to develop longer-term economic plans, provide technical assistance to local communities, and ensure that community priorities are integrated into regional priorities. Besides providing the usual exchange of information among participating groups, the organization would advocate on behalf of its members—ensuring that community economic plans don't get left on a shelf to gather dust.

Developing strong regional organizations will not be easy. At present, there is no government mechanism or department that has a mandate for regional development; we are in a period of fiscal restraint; and, in recent years, government has adopted a very defensive posture toward regional development. For their part, regional organizations have found it much too easy to argue among themselves and to blame government for most of their problems.

Satellite technology is changing the north.

At present, there is some organizational confusion at the regional level. Particularly in the West, the development of new regional organizations does not correspond geographically with the regions as defined by government (an administrative unit with a regional director). This confusion must be sorted out with the various organizations and cooperative working arrangements must be established.

On the positive side, government has a long tradition of regional coordination under regional directors, and it is now moving in the direction of regional school boards and health structures. In some regions, at least, it has the basic infrastructure in place to begin the process of more economic planning and decision-making, in co-operation with other regional organizations.

If local communities are ever going to get the help they need, it will not come through government ministries where all the policies and programs are designed in Yellowknife. Government must move into the vacuum that it has helped to create. It must consult with other groups with regional interests. And it must begin working cooperatively to develop and implement longer-term economic development strategies.

15. Set Up a Comprehensive Evaluation System for All Economic Development-Type Policies, Programs and Projects.

Reasons and Requirements

Historically, there has been very little competent evaluation of economic development policies, programs, strategies, or of the bureaucracies that carry them out.

If local communities are ever going to get the help they need, it will not come through government ministries where all the policies and programs are designed in Yellowknife. Government must move into the vacuum that it has helped to create.

The Canada Assistance Plan and the Economic Development Agreement have only recently begun to be evaluated and the evaluations are not being carried out on a cooperative inter-governmental basis.

There is practically no serious evaluation of most of the education and training programs. We know little about the effectiveness of various economic initiatives such as

the privatization policy and the northern incentive programs. And the Native Employment Policy was allowed to continue for four years, showing minimal results, without any mid-stream corrections.

Within the Territorial Government there are no mechanisms to carry out regular evaluations, nor to ensure that evaluations lead to necessary program or policy changes. Instead, we just seem to start programs and let them continue with the meter running— regardless of whether they are effective, ineffective, or even needed.

On the reverse side of the coin, government has begun to develop more sophisticated information systems. Its Management for Results (Performance Measurement) System—though of uneven calibre throughout government—is a step in a positive direction. But there is still no comprehensive approach to evaluation.

In fairness, the lack of evaluation is not only a problem in the economic development area. It is a problem across government. And it is one that has to be dealt with. In an age of fiscal restraint, when there are very few dollars to go around, government must have the capability of evaluating programs so that it can do away with wasteful ones and put monies where they will do the most good.

A centralized evaluation unit should be set up and report to the Cabinet Committee on Economic Development (Recommendation #26). It should establish and coordinate a comprehensive evaluation system, utilizing a complete range of evaluative tools (see box).

During the mid-1970s the GNWT did have a centralized evaluation unit; but it had a hard time convincing departments to claim ownership of evaluations. This time, government must make the political commitment to evaluation. It must make evaluation part of its "corporate ethic"—something that is expected of all departments and all managers. The centralized unit must formulate a government-wide evalu-

THE EVALUATION TOOL BOX

To evaluate its economic development activities, government needs an evaluation tool box which contains a complete range of "evaluative tools". Each individual tool has a specific purpose.

Strategic Reviews are assessments of the efficiency and effectiveness of major government strategies. They study a broad range of policies, programs, and services which are clustered around a strategy. Their purpose: to determine whether government's political objectives and priorities are being met. Examples of strategic reviews: a study of government's affirmative action policy, or a study of federal transfer payments.

Functional Reviews are usually carried out to help an organization reorganize. They are studies of an organization's business or service functions and of the organizational structure required to support them. The review begins by clarifying the organization's corporate mission. It then describes the purpose of each management unit, spells out the primary functions of the unit, and indicates which staff positions are responsible for which functions. It also indicates the resource requirements for each unit.

Program Evaluations are independent and objective assessments of a program. Their purpose: to determine, in light of present circumstances, the adequacy of a program's objectives, design, and the results it is achieving, both intended and unintended. Because program evaluations are concerned with effectiveness, they ask the basic question, "Should this program continue to exist?"

Unlike the above tools, which are used infrequently (perhaps every three to five years) there is another set of tools which is used on a yearly basis. ***Program Audits*** are regular, systematic, independent reviews of a program's operations, including its administrative activities. Their purpose: to determine whether a program is working efficiently--doing the right things, in the right way. For example, the Department of Economic Development and Tourism should audit its loan programs each year to see if they are working according to approved procedures.

Performance Measurement is a management system which helps managers measure a program's performance on a routine basis (usually three or four times a year). The manager sets specific objectives and then, through the use of various indicators, tries to determine whether the program is meeting the objectives. The GNWT has required all departments to design and implement a performance measurement system (which the GNWT calls its "Managing For Results" or "MFR" system.)

Simple Reviews, as the name suggests, are short-term assessments of programs or procedures carried out by competent individuals. They identify problems and recommend solutions. Their purpose: to get an opinion or recommendation from someone with expertise--and to get it quickly.

All of the above evaluative tools are needed at different times. But they must be supported by a "corporate culture" which requires evaluations. Managers must know that they are expected to evaluate programs and services on a continual basis. Their effectiveness in doing so should be reviewed as part of their annual ***performance appraisal***.

Finally, the government as a whole, and each department, should have an evaluation policy that indicates which policies and programs are to be evaluated, in what manner, how often, and by whom.

ation policy which distributes the responsibility for evaluations among itself, the departments and the individual program managers.

16. Set Up a Communications Technology Research Project.

Reasons and Requirements

Each year, government spends millions of dollars on communications hardware and technology: computers, printers, fax machines, telephones, various kinds of projectors, sound systems, translation equipment, radios, film production, television commercials, etc. It spends millions more moving information around the territories and/or moving people around to communicate with one another: community visits, conferences, workshops, training programs, regional meetings, meetings in Ottawa, and so forth.

Within the Territorial Government there are no mechanisms to carry out regular evaluations, nor to ensure that evaluations lead to necessary program or policy changes. Instead, we just seem to start programs and let them continue with the meter running—regardless of whether they are effective, ineffective, or even needed.

Given our vast distances, the high costs of communications, and the present era of fiscal restraint, government has to find more effective ways of communicating in a less expensive manner. It has to develop communications networks which allow it to share information between its own departments and the many non-government service organizations which are appearing at the regional and local level. With a very high illiteracy rate and the high costs of residential education, it needs to develop a "distance learning" capability to help people learn in their own communities.

Though the government has made some progress over the past few years in the use of computers, it is still at an early stage in its use of communications technology. It has not developed any regional or Territory-wide communications networks. It has not learned to put together combinations of technologies—television, computers, video tapes, fax machines, electronic bulletin boards, tele-conferencing—for the purposes of distance education, training, information flow, or administration.

In recent years, there have been significant advancements in communications technologies in other parts of Canada, in the U.S. and throughout the world—but we have little knowledge of these and have not tried to adapt them to our unique requirements. Given these unique requirements for distance communication, we should be at the forefront of the use of communications technologies.

We need to develop a research project, hopefully in co-operation with the private sector, which will make us much more aware of our present and future communications requirements, the technology that is available, and the ways and means we can adapt it to our needs. We need to continually monitor developments in the communications technology field. And we need to launch pilot projects which test and evaluate the suitability of various technologies to our needs as a government.

17. Help Extend Banking Services to More Communities.

Reason and Requirements

Only 8 communities in the Northwest Territories have banking services. The lack of banking services (payments, savings, loans) is a real problem for small businesses. They have great difficulty securing credit because they must deal with banks which are often hundreds of miles away in the larger centres. Without local services, it is difficult and expensive to carry on business.

But it is not only the small business person who is having trouble. The lack of basic banking services, which most Canadians take for granted, is also difficult for many ordinary citizens. Many of them have no sense of how to save money, how to invest it, or how to secure loans, and so forth. At times, they can only obtain credit at the higher interest rates because more appropriate forms of loans are not available.

Our research indicates that there is no reason why some basic banking services cannot be extended to many more communities in the NWT. These communities could be linked by computer to administrative units in the larger centres, thus simplifying many administrative functions.

In recent years, there have been significant advancements in communications technologies in other parts of Canada, in the U.S. and throughout the world—and given our unique requirements for distance communication, we should be at the forefront of the use of communications technologies.

Depending upon a number of factors, services could be provided at different levels: full-time for communities over 1,000; part-time for communities between 700-1000; and on an agency basis (provided by a local store or business) for communities 200-700. Services would be limited to the basic functions of payments, savings, and loans. It would take five to ten years to phase-in services to most eligible communities.

Government should not provide this service directly (as Alberta does through Treasury Branches). Rather, it should develop a strategy to encourage an existing institution, either an existing bank, Arctic Co-ops, or the Bay's Northern Stores to take on this responsibility. (Several organizations have already expressed a desire to provide this service to some additional communities).

Government should encourage a co-ordinated approach and discourage small disjointed efforts.

Given the obstacles that a lack of banking services presents to the development of local economies, government should move immediately to improve the banking system.

Government could provide various kinds of support if necessary—everything from investments and joint-ventures, to providing business as a customer and helping to train staff. It might have to regulate the industry—but it should first try to use the existing federal regulatory, supervisory, and deposit insurance mechanisms.

Given the obstacles that a lack of banking services presents to the development of local economies, government should move immediately to improve the banking system.

18. Develop a Tourism Strategy Which Emphasizes Product Development and Infrastructure.

19. Develop a Support Program for Arts and Crafts.

Reason and Requirements

Over the past few years, government has done a great deal to encourage the development of a tourism industry. But much more has to be done.

Tourism will play an increasingly significant role in the development of most of our local economies. It is the sector of our economy that has the most potential for development. One of its greatest assets is its "sustainability". It focuses upon our most important asset—our physical environment—and in most situations it does very little damage.

The major problem with our tourism industry is a lack of product development. People come hundreds, perhaps thousands, of miles to visit us, and often find that there is not enough to do. In all areas of the Territories we have to do a much better job of "developing our product".

We need to identify local historical and cultural sites, and develop roads and trails to points of interest. As was constantly pointed out to us during our community visits, product development does not always mean spending hundreds of thousands of dollars on facilities. Often, it can mean something as simple as putting up a few signs along a road to point out local attractions; or providing brochures in Arctic communities to describe the history of the community and list interesting things to do.

We have to create "package tours" that appeal to a broader range of tourist interests. We have to improve local architecture and facilities, and develop areas of specialization, such as local foods.

Government should work with regional tourist organizations to develop longer-term regional strategic plans. We have to get beyond the "one-shot approach": hiring a consultant to develop a plan which sits on a shelf.

Developing our product also means, of course, doing a much better job of training local people for the tourist industry and supporting those who want to get "into the business".

The major problem with our tourism industry is a lack of product development. People come hundreds, perhaps thousands, of miles to visit us, and often find that there is not enough to do.

One of the first things that tourists seek when they come to our communities is local arts and crafts. But many of our traditional products are in decline. There is a constant danger that knowledge of how to produce some traditional crafts will be lost.

Government should develop a stronger program to revitalize this important cottage industry. It should promote arts and crafts, help develop craft centres in local communities, and provide marketing training to those who want to promote their products.

One of the most important things government could do would be to work with the Science Institute, or some other organization with a research capability, to develop the technology for small– scale tanneries. Wherever we went as a Committee, we heard about the need for tanneries; and we heard many stories about skins and hides being carted to the dump or left in the bush.

One of the first things that tourists seek when they come to our communities is local arts and crafts. But many of our traditional products are in decline. There is a constant danger that knowledge of how to produce some traditional crafts will be lost.

We would like to see a greater emphasis on traditional arts and crafts in the school system. We also see the need for apprenticeship programs for young people.

Finally, working with artists and artisans on a regional level, government should help set up systems for the purchase of supplies and raw materials. Artists and crafts people often have difficulty getting hold of basic materials, especially in remote communities.

Though very few people will ever be able to make a full-time living with arts and crafts, it is an important source of supplemental income to many people, especially those living in the underdeveloped communities. Also, the arts and crafts have an important cultural significance; and they are especially important to many women who are raising a family and who depend

upon a local cottage industry. The industry needs and deserves strong government support.

20. Recognize Co-ops as Small Businesses with Training Potential.

Reasons and Requirements

Whenever we went to small communities we discovered Co-ops. Like all northern organizations, Co-ops have had, and in some cases continue to have, their problems. But there can be little doubt that the Co-op movement has been the most successful of all entrepreneurial activities across the North.

In 1988, twenty-eight of the thirty-three active local co-operatives posted net savings. Together the Co-ops are now doing more than $40 million in sales annually.

At times in the past, government has been uncertain as to whether it should recognize Co-ops as small businesses. In recent years, this does not seem to have been as much a problem. They are businesses and they should be recognized as such. There are three features of Co-ops that we found especially appealing.

First, unlike many other organizations, they have done an excellent job of developing their Boards of Directors and educating their memberships. The concept of "development" and community control are at the core of what the Co-ops are all about.

Second, over the years, they have done an excellent job of training their staff. Their management training program which ran from 1979 to 1983, was especially effective. It increased the number of native managers from none to twenty in a very short period. The program was innovative (especially in its use of tele-conferencing technology) and, in many respects was well ahead of its time. Unfortunately, it ran out of funding and had to be discontinued.

Third, most of their operations seem to be able to make a profit. Co-ops have become successful businesses.

Our government has a lot to learn from the Co-op movement. We recommend establishing closer relationships with Co-ops, especially in the areas of board development and staff training.

21. Seek an Exemption for the Northwest Territories from the New Goods and Services Tax.

22. Request the Federal Government to Establish a Personal and Corporate Tax Regime for Northerners.

23. Request the Federal Government to Provide the Mineral Exploration Industry with Tax Incentives for Exploration.

Reasons and Requirements

We realize that our government has very little direct power over taxation. But it does have some leverage with the federal government and can speak out for the best interests of our people. Our three recommendations in the taxation area relate to three very specific problems which, if not dealt with, will present significant problems for our economy.

The new proposed Goods and Services Tax will have an extremely negative impact upon our economy. We already have the highest cost of living in Canada, and we have an unusually large group of young consumers. The new tax will drive up our cost of living and will have a negative impact upon investments and our economy as a whole.

Even without the new GST, our northern cost of living has reached the stage where we need a personal and corporate tax regime that responds to the realities of life in the North. With our small population base, our huge land mass, the isolation, and the cost of doing business in the North, we should not be taxed according to a formula which may work in the provinces but makes no sense in our economic environment. But this is what the federal government has been proposing during recent formula funding negotiations. Obsessed with reducing the national deficit, the feds have been insisting that the GNWT raise more of its own revenues by raising Territorial taxes.

In terms of economic development, raising taxes would be a serious mistake. Our government should reject this alternative at all costs and, if no other alternative is available, it should fight to extend the present formula funding agreement for another three years.

Finally, we wish to recommend tax assistance for one group in particular, the mining exploration industry.

Mining is the NWT's largest single industry. Yet the mining exploration sector is made up of many small operators. In the past, these operators were able to take advantage of "flow-through shares". This program provided real incentives to the industry and resulted in a great deal of economic activity. It was of special importance when the small operators got to the final stages of development and needed the help of the "majors" to adequately develop a property.

The new proposed Goods and Services Tax will have an extremely negative impact upon our economy. We already have the highest cost of living in Canada, and we have an unusually large group of young consumers.

When the "flow-through share program" was phased out several years ago, the federal government did not provide an adequate substitute. The exploration sector experienced a significant downturn from which it has not yet recovered.

Given the high cost of exploration in the North, we feel that the GNWT should go to bat for the industry and request the federal government to provide it with appropriate tax concessions.

24. Provide for the Development of More Quality Day Care Spaces.

25. Set Up Residential-type Alcohol Treatment Centres.

Reasons and Requirements

In our community visits, many residents expressed concerns about social problems in their communities. The most frequently mentioned concerns were the lack of adequate day care, and the need for residential alcohol treatment centres.

More and more native women are trying to enter the workforce. One of their major problems in doing so is the lack of adequate day care services.

There can be no doubt that the lack of adequate day care is a real problem. As is the case elsewhere in the country, more and more women are entering the workforce. While the participation rate among native women is not yet the same as it is for non-native women, (about 40% as compared to 60%) the trend is clear. More and more native women are trying to enter the workforce. One of their major problems in doing so is the lack of adequate day care services.

In the past, the elders in the community often provided day care or babysitting services free of charge. This is much less the case today. Many women who wish to take courses, go back to school, or take jobs are unable to do so because of the lack of adequate day care. This need must be addressed.

At present, we have a little more than 300 licensed day care spaces (mostly in the larger centres) and only a few licensed homes. This is not adequate, especially in the smaller centres. We anticipate that the number of day care centre spaces will have to at least double over the next few years. There will also be a need for a significant number of licensed home spaces.

Despite the fact that the federal government did not follow through on its cost-sharing agreement for day care, we urge the government to significantly increase the number of quality (licensed) spaces in centres and homes as soon as possible.

In the area of alcohol services, the need seems to be for rehabilitation and treatment beds. At present, very few beds are available within the NWT and many residents are forced to seek treatment in the provinces. Given the scope of our alcohol problem, we should not have to send our people outside the Territories for treatment.

It is our understanding that the Territorial Government is in the midst of expanding its present number of treatment beds. We urge the government to move with all due haste to provide the number of residential rehabilitation treatment beds that our population requires.

ORGANIZATIONAL DEVELOPMENT

26. Set Up a Permanent Cabinet-Level Committee for Economic Development.

Reasons and Requirements

As we have noted a number of times in this report, the lack of leadership and co-ordination in economic matters is a serious problem. At present, government's economic development strategies seem to emanate from the Department of Economic Development and Tourism. They are very narrow in focus, limited to the mandate of the department, and concentrate almost exclusively on small business.

Once the strategy and related procedures are drawn up by the department and approved by the Executive, the department then attempts to get other departments to "buy in". But other departments have their own priorities. In some cases, there is open conflict between departments in economic matters. Thus, accountability for economic development seems to rest by default almost exclusively with the Minister and the department responsible for business development.

The accountability for economic development must be spread more widely within government. A number of other political jurisdictions have faced the problem we described above and have established cabinet-level committees responsible for economic development. We should do the same.

The Economic Development Committee, chaired by the Minister responsible for the Department of Economic Development and Tourism should also consist of the Ministers responsible for finance, public works, housing, transportation, municipal and community affairs and renewable resources. The Government Leader would be an ex-officio member and other Ministers would be invited according to the requirements of the agenda.

The purpose of the Committee would be to develop, and monitor economic development policies and strategies; to oversee all major economic development projects; to co-ordinate major economic development initiatives with the private sector; to co-ordinate economic development activities with the federal government; and to link government's economic development initiatives with its social development initiatives.

27. Set Up a Permanent Cabinet-Level Committee for Social Development.

Reasons and Requirements

One of the major problems we encountered in our study was a significant gap between economic development and people development. As we've noted often, there can be no economic development without people development.

Unfortunately, we seem to have the same lack of co-ordination among departments with a social development mandate that we have among departments with an economic development mandate. That's why

we need a Cabinet-level committee.

One of the major problems we encountered in our study was a significant gap between economic development and people development. As we've noted often, there can be no economic development without people development.

The Committee For Social Development would consist of the Ministers of social services (chairperson), health, municipal and community affairs, culture and communications, and education. The Government Leader would be an ex-officio member and other Ministers would be invited to attend according to the issues under discussion.

While the Committee would concentrate upon social matters, it would periodically meet as a group with the Committee on Economic Development to coordinate economic initiatives and review results.

It would provide advice and guidance on those issues related to economic development: day care, affirmative action, alcohol services, education and training programs, employment for special need groups, etc. It would ensure that social development initiatives are linked to economic initiatives.

28. Establish, in Partnership with the Federal Government, an Economic Development Agency.

Reasons and Requirements

In recent years, the federal government has set up a number of economic development agencies to respond to the specific needs of particular regions: the Atlantic Canada Opportunities Agency (ACOA) for Atlantic Canada, the Department of Western Economic Diversification for Western Canada, and FEDNOR for Northern Ontario.

Though the mandates of these agencies differ, they all attempt to foster economic development and coordinate federal economic development initiatives for a particular region of the country.

We need a similar kind of regional development agency for the NWT. It should be cost-shared by the GNWT and the federal government.

The Northern Program of DIAND is being phased out; its responsibilities for the North are being shunted to federal line departments and agencies. Though this "rationalization" may seem to make sense from the federal point of view (because it reduces unnecessary duplication), it creates serious problems for our government. Without some kind of "co-ordinating agency" it is much more difficult for us to link our economic development activities with those of the federal government.

In addition to gathering together federal and territorial funds for economic development projects, the new economic development agency would channel funds to worthwhile projects. Besides supporting the development of small businesses on a territory-wide basis, it would have a strong developmental mandate—helping local communities and regions develop their economies. It would create new and innovative programs and approaches; it would specialize in responding to the developmental needs of underdeveloped communities. Finally, it would ensure inter-governmental continuity and co-ordination among departments.

29. Provide Funding to Communities to Hire Development Officers.

As we've pointed out previously, communities can't be developed from the outside. They have to develop themselves.

At present, government tries to help communities develop their economic potential by providing full-time or part-time Business Development Officers or Economic Development Officers. As we have seen, these positions do not respond to the basic needs of underdeveloped communities.

From time to time municipalities will acquire funds to hire their own Economic Development Officer on contract. But because these positions are contract positions they are temporary; the contract employee will often only stay for a short period of time and then leave before the job is done.

What's needed is a new kind of position—a Development Officer. This person would work for the local municipality or community as a member of the management team and would specialize in the area of socio-economic development. The position would not be needed in the developed communities; in the under-developed communities it would replace part of the role presently carried out by the Economic Development Officer.

What's needed is a new kind of position—a Development Officer. This person would work for the local municipality or community as a member of the management team and would specialize in the area of socio-economic development

The Development Officer would require a broad range of "development skills". Rather than hire persons with a specific business background (as is done for EDOs), the most appropriate recruits would likely have experience in community organizing, adult education, or developmental work abroad. In order to attract mature individuals with community development experience, municipalities would have to be able to provide adequate compensation at a senior management level.

Given the amount of developmental work that has to be done in the Territories, we recommend that government, working in co-operation with municipal bodies, design a total training program with established standards. The program should issue a certificate and offer accreditation as a Development Officer.

A "DO"

A Development Officer ("DO" for short) works for the local municipality (or whatever other organization or coalition of organizations is responsible for the development of the community). He or she helps residents and organizations create developmental strategies, acquire resources and expertise, and co-ordinate their activities.

As the term "DO" suggests, the Development Officer is a "Do-er". He or she helps get things done. The job requires an individual with a broad range of technical skills, an ability to work with various groups and between various levels of government, and a solid knowledge of community development.

Here is a picture of the kinds of things a DO does.

Community Research. The DO's first job is to help the community understand itself. The DO carries out research in critical areas such as population growth, employment, housing needs, business opportunities, service requirements--all to help the community get a better understanding of it current problems and future needs.

Planning. Working with the municipal council and other organizations, the DO helps the community develop its strategic plan--its blueprint for future development. Once the plan is completed, the DO makes sure the plan doesn't sit on the shelf. He or she monitors the workplan and makes regular progress reports to the Hamlet Council and the community.

Co-ordinating. At the local level, the DO helps co-ordinate the activities of the municipal council with those of the other community-based organizations. He or she keeps the various groups advised of each other's activities and helps build consensus around each other's concerns. In communities which are implementing the Prime Public Authority concept, the DO plays a key role in translating the concept into practice. At the regional level, the DO is the link between the local community organization and the regional organization.

Organizing. The DO is a community organizer--helping the community deal with particular issues of concern. Some of these issues might be social in nature (developing a day care centre, a job program for young people, an alcohol program), others might be economic (helping to create a local Development Corporation, helping to improve the tourism potential, helping to set up a small business, etc).

Consulting. With a broad base of experience and knowledge, the DO functions as a management consultant, assisting local organizations and businesses in a wide range of areas: writing proposals and business plans, setting up financial records and administrative procedures, evaluating programs and services, informing groups and businesses of government programs, helping secure resources.

Advocating. The DO advocates for the community with other groups and organizations. He or she represents the interests of the community at regional meetings; helps argue the community's case when dealing with the central government; helps ensure that the community receives a fair share of benefits from companies developing local resources.

The DO takes directions from the municipal council but, because of the longer-term nature of community development projects, works with a great deal of autonomy. Work priorities are hammered out in a workplan, developed during the first three months the DO is on the job. The workplan serves as a sort of contract between the DO and the community.

30. Reorganize the Departments of Renewable Resources and Economic Development and Tourism.

Reasons and Requirements

Renewable resources are becoming the basis of our economy. Sustainable Development will become the major developmental policy thrust. But, at present, there is a wide gap in approach and attitudes between the two key departments—Economic Development and Tourism and Renewable Resources. Too often in the past the two departments have had difficulty finding common ground between economic development and preservation of the environment. With a policy and strategy of Sustainable Development, a co-ordinated approach becomes essential.

In light of the two preceeding recommendations it will be necessary to reorganize both departments. The responsibility for Parks and Natural Resources (forestry and fishing) should be transferred from Economic Development And Tourism to the Department of Renewable Resources. The Department should be renamed the "Department Of Renewable Resources and Environment" to reflect its broader mandate.

With the funding of Development Officer positions in underdeveloped communities, and with the creation of the new federal-territorial development agency, it will be necessary to re-examine the role of the Department of Economic Development and Tourism. The department will have to be re-structured. It might assume more of a policy responsibility for economic development and limit its operations to special services relating to trade, industry and small business, including tourism.

Is it going to make a difference?

People asked this question everywhere we went, over and over again.

It often came up during the community hearings when one of us would go to the back of the hall for a coffee. We'd be standing there, listening to the discussion, and someone standing next to us would say, "Do you think all this is going to make a difference?"

From a few people—fortunately, a very few people— the question was a reflection of their personal scepticism. They tend to be sceptical about the work of any government committee.

Others asked the question, not because they were sceptical, but because they were realists. They know how serious the economic problems are in many parts of the Territories, especially in the underdeveloped communities. They wonder, honestly, if any report will have the influence to help turn things around.

We—the members of our Committee—have wondered too. We have become more realistic about the problems of our economy. We know what a difficult challenge faces us.

But we are hopeful.

We've come to believe, in the midst of all the economic problems surrounding us, that our development as a people does not depend upon what is outside us but, rather, on what is inside us. It depends upon our beliefs, our values, and our willingness to help ourselves.

E.F. Schumacher put it so well in the words we chose as the preface to this document: "Development does not start with goods; it starts with people and their education, organization, and discipline."

Our survival as peoples of the North—whether our ancestors lived here for centuries or whether we arrived in recent years—has always depended upon our ability to educate ourselves, organize ourselves, and live a life of personal and community discipline. It's the same challenge today.

The kind of education we need is changing; the way we organize ourselves and work with one another is changing; the kind of discipline we need is changing. But the basics remain the same.

Our hope for the future rests in a deep sense of who we are and where we have come from. It gives us the confidence and ability to determine who we will be, where we will go, and how we will get there.

Terms of Reference

The Special Committee on the Northern Economy shall:

a) inquire into such matters as may be referred to it by the Legislative Assembly;
b) inquire into current problems and public concerns related to a viable northern economy and the development of an economic strategy and plan;
c) present interim reports to the Legislative Assembly from time to time, and a final report by the fall sitting in 1989.

The Special Committee on the Northern Economy may on its own authority:

a) examine all matters that relate to the development of a sound economic base;
b) consult with members of the public, representatives of industries, chambers of commerce and other business organizations, labour unions, small business enterprises, community councils and other local organizations, hunters and trappers associations, native organizations, educational institutions, federal, provincial, and territorial governments and their departments, boards, agencies and commissions, and other interested groups, -- through public hearings and other meetings, written and oral submissions, and other appropriate means;
c) commission such studies and research projects as it deems necessary;
d) review all aspects of existing legislation, policy, philosophy, and government spending to determine their impact on the northern economy, and make recommendations to the Assembly for improvements;
e) recommend urgent changes in existing policies from time to time, as deemed necessary.

Conduct of Business

1. The Special Committee shall conduct its business in a manner approved by the Committee.
2. The Special Committee shall, in accordance with Rule 91 (2), at the earliest opportunity following their appointment, appoint co-chairmen.
3. A quorum of the Special Committee shall consist of five members, including a co-chairman.
4. The Special Committee shall, in accordance with Rule 95 (1) have the power to call for such persons, papers, and records and to examine witnesses as, in its opinion, are necessary to the conduct of business.
5. The Legislative Assembly shall provide from its appropriations the necessary funds for the Special Committee to carry out its responsibilities.
6. The Special Committee, as a whole, or individual members, may undertake such travel as is required to carry out the assigned responsibilities of the Committee.
7. The Special Committee is empowered to retain the services of such professional staff as deemed advisable by the Committee.
8. The Special Committee shall have the power to sit during sessions, adjournments and recesses of the House.
9. The necessary administrative support shall be provided by the Legislative Assembly Office.
10. From time to time, the Special Committee shall tender general advice and information to the Legislative Assembly on any matter with an impact on the Northern Economy that may come before the Assembly in session.

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Finally, the Committee would like to thank the many other individuals, too numerous to mention, for their contributions to our work.

List of Written Submissions

Arctic Cooperatives Ltd.—Andrew Goussaert
Baffin Regional Chamber of Commerce—Natsiq Alainga
Baffin Regional Chamber of Commerce—Jacques Belleau
Black, Bertha (Rae)
Breton, Roger (Cape Dorset)
Broadbent, Jim (Fort Simpson)
Calm Air International—Loretta Clark (Thompson, Manitoba)
City of Yellowknife—Coral Callioux
Clark-Bowler Construction—Andrew G. Clark (Yellowknife)
Colpitts, Wendy (Yellowknife)
Coman, Mickey (Iqaluit)
Coppermine Chamber of Commerce—Larry Whittaker
Couch, Don (Iqaluit)
Cunningham, Duncan (Iqaluit)
Dean, Earl (Repulse Bay)
Debogorski, Alex (Yellowknife)
Deh Cho Society Friendship Centre—Candy Brown (Fort Simpson)
Dene-Metis Negotiations Secretariat—Fred Koe
Ecology North—John McCullum
Esau, Randy (Tuktoyaktuk)
Eskimo Point Hamlet Council—Simona Issakiark- Baker
Ferguson Simek Clark—Joseph D. Auge
Fort Providence Dene Band—Joachim Bonnetrouge
Fort Providence Dene Band—Bob Head
Fort Smith Chamber of Commerce—R. Ingram
Fort Smith Hunters and Trappers Association—B. Hubert
Gammon, Paul (Fort Simpson)
Government of the Northwest Territories: Department of Education—
Joe Handley
Hamlet of Tuktoyaktuk—Randal Pokiak
Hawkins, Lyle (Yellowknife)
Henderson, Erik (Yellowknife)
Hinchey, Wowk, Williams, Avery & Co.—W.G. Hinchey (Yellowknife)
Hoefer, T.W. (Yellowknife)
Horn, Kerry (Coppermine)
Huestis, Al (Pond Inlet)
Ingram, R. (Fort Smith)
Inuvialuit Game Council—Les Lee Carpenter
Inuvialuit Regional Corporation—Roger Gruben
Inuvik Chamber of Commerce—Jane Gillman
Inuvik Chamber of Commerce—Dick Hill

Inuvik Education Society—Richard Barnes
Iqaluit Chamber of Commerce—Tom Webster
Irvine, Mary and Rita Pasiciel (Inuvik)
Kakfwi, Stephen (M.L.A. Sahtu)
Karnes, Horace (Fort Smith)
Kheraj, Aziz (Resolute)
Kringayark, Joani (Repulse Bay)
Kritterdlik, David (Whale Cove)
Leonardis, Fred (Yellowknife)
Main, Gordon (Eskimo Point)
Management Studies Diploma Program, Aurora Campus, Arctic College—Elsie Erutse, Diane Goodliffe, Billy Gordon, Bob Hansen and Billy Kaye (Inuvik)
N.W.T. Advisory Council on the Status of Women—Katherine Peterson
N.W.T. Association of Municipalities—Yvette Bungay
N.W.T. Chamber of Mines—Steve McAlpine
N.W.T. Co-operative Movement—William Lyall
N.W.T. Council for Disabled Persons—Lynn Brooks
N.W.T. Federation of Labour—Dave Johnston
N.W.T. Forest Industries Association—Eugene Patterson
N.W.T. Interim Literacy Council—Roger P. Rawlyk
N.W.T. Native Arts and Crafts Society—Barbara Mackenzie
Nunatext Publishing Corporation—Roberta Roberts (Iqaluit)
O'Connor, R.W.T. (Yellowknife)
PCL Constructors Northern Inc.—F.H. Russell (Yellowknife)
Paningayak, Eunice (Gjoa Haven)
Pearce, Frank (Iqaluit)
Peter, Saali (Iqaluit)
Peters, Gordon (Holman)
Pokiak, Randal (Tuktoyaktuk)
Qiqiqtaaluk Corporation—Pauloosie Keyotak (Iqaluit)
Qullik Investment Corporation—Angaangaq Lyberth (Iqaluit)
Ram Concrete—Don Webb (Fort Smith)
Roberts, Steven (Iqaluit)
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Siemens, David (Rae-Edzo)
Snowdrift and Fort Resolution Combined Submission—Mike Mercredi
Social Justice Ministry, Roman Catholic Diocese of Mackenzie—Sister Marie Zarowny (Fort Smith)
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SCONE Publications

The following publications were commissioned by the Special Committee on the Northern Economy:

Bell, Mike, **"The Government of the Northwest Territories' Native Employment Policy: A Review and Assessment"**.

CORE/NET Consulting Group, **"Banking Services in the Northwest Territories: An Assessment"**.

Fogwill, Lynn, **"Adult Training in the Northwest Territories: A Review and Assessment"**.

Osberg, Zella and Stephen Hazell, **"Towards a Sustainable Approach: Natural Resource Development and Environmental Protection in the Northwest Territories"**.

RT & Associates, **"Economic Development and Tourism Programs: A Review and Assessment"**.

Robinson, M, M. Dickerson, J. Van Camp, W. Wuttunee, M. Pretes and L. Binder, **"Coping with the Cash: A Financial Review of Four Northern Land Claims Settlements with a View to Maximizing Economic Opportunities From the Next Generation of Claims Settlements in the Northwest Territories"**.

Special Committee on the Northern Economy, **"Summary of Public Hearings — What the Residents of the Northwest Territories Think of the Economy"**.

Usher, Peter J. and Frederick H. Weihs, **"Towards a Strategy for Supporting the Domestic Economy of the Northwest Territories"**.

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